64 pv

MT LEGISLATIVE HISTORY

Chapter 665 1985

Bill H 885 S _____ Original bill & hist. ✓C

H. Committee on State Administration / Local Government		S. Committee on Local Government	
Hearing Date(s) Feb 23	✓C	Mar 26	✓C
_____	___C	Mar 28	✓C
_____	___C	_____	___C
_____	___C	_____	___C
Date Out Feb 23	✓C	Mar 29	✓C

Did this bill originate in an interim committee? ___Yes ___✓No

Committee _____ Report _____

There are no conference committee minutes.

4/08	TRANSMITTED TO GOVERNOR		
4/10	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 417 EFFECTIVE DATE: 4/10/85		

HB 885 INTRODUCED BY SALES
GENERAL REVISION OF RURAL SPECIAL AND SPECIAL IMPROVEMENT DISTRICTS
BY REQUEST OF LT. GOVERNOR

2/19	INTRODUCED		
2/19	REFERRED TO STATE ADMINISTRATION		
2/20	REREFERRED TO LOCAL GOVERNMENT		
2/23	HEARING		
2/25	COMMITTEE REPORT-BILL PASS AS AMENDED		
2/27	2ND READING PASS AS AMENDED	80	20
2/27	ON MOTION RULES SUSPENDED PLACED ON 3RD READING THIS DAY		
2/27	3RD READING PASS	80	19
	TRANSMITTED TO SENATE		
3/06	REFERRED TO LOCAL GOVERNMENT		
3/26	HEARING		
3/29	COMM REPORT-BILL CONCURRED AS AMENDED		
3/29	ON MOTION RULES SUSPENDED PLACED ON 3RD READING 70TH DAY		
4/01	2ND READING CONCURRED AS AMENDED	39	0
4/01	3RD READING CONCURRED	50	0
	RETURNED TO HOUSE WITH AMENDMENTS		
4/08	2ND READING AMENDMENTS NOT CONCURRED	83	13
4/09	CONFERENCE COMMITTEE APPOINTED		
4/19	CONFERENCE COMMITTEE REPORT		
	HOUSE		
4/20	2ND READING CONFERENCE COMMITTEE REPORT ADOPTED	87	7
4/20	3RD READING CONFERENCE COMMITTEE REPORT ADOPTED	85	9
	SENATE		
4/19	2ND READING CONFERENCE COMMITTEE REPORT ADOPTED	50	0
4/19	3RD READING CONFERENCE COMMITTEE REPORT ADOPTED	49	0
4/24	SIGNED BY SPEAKER		
4/24	SIGNED BY PRESIDENT		
4/25	TRANSMITTED TO GOVERNOR		
4/30	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 665 EFFECTIVE DATE: 4/30/85		

HB 886 INTRODUCED BY HOLLIDAY, ECK, IVERSON, ET AL.
APPROPRIATES MONEY TO IMPLEMENT GOVERNOR'S ADVISORY COUNCIL RECOMMENDATIONS

2/19	INTRODUCED
2/19	REFERRED TO APPROPRIATIONS
3/11	HEARING
	DIED IN COMMITTEE

HOUSE BILL NO. 885

INTRODUCED BY SALES

BY REQUEST OF THE LIEUTENANT GOVERNOR

IN THE HOUSE

February 19, 1985	Introduced and referred to Committee on State Administration.
February 20, 1985	Rereferred to Committee on Local Government.
February 25, 1985	Committee recommend bill do pass as amended. Report adopted.
	Bill printed and placed on members' desks.
February 26, 1985	Second reading, pass consideration.
February 27, 1985	Second reading, do pass as amended.
	On motion, rules suspended and bill placed on third reading this day.
	Third reading, passed.
	Transmitted to Senate.

IN THE SENATE

March 6, 1985	Introduced and referred to Committee on Local Government.
March 29, 1985	Committee recommend bill be concurred in as amended. Report adopted.

March 29, 1985	On motion, rules temporarily suspended in order that all bills considered on second reading on the 70th Legislative Day advance to third reading that same day.
April 1, 1985	Second reading, concurred in as amended.
	Third reading, concurred in. Ayes, 50; Noes, 0. Returned to House with amendments.

IN THE HOUSE

April 2, 1985	Received from Senate.
April 8, 1985	Second reading, amendments not concurred in.
	On motion, Conference Committee requested.
April 9, 1985	Conference Committee appointed.
April 19, 1985	Conference Committee reported.
	Conference Committee report adopted by Senate.
April 20, 1985	Second reading, Conference Committee report adopted.
	Third reading, Conference Committee report adopted.
	Sent to enrolling.
	Reported correctly enrolled.

This bill is 66 pages long. The full copy will be provided upon request.

HOUSE BILL NO. 885

INTRODUCED BY SALES

BY REQUEST OF THE LIEUTENANT GOVERNOR

A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND AND CLARIFY THE LAWS RELATING TO RURAL SPECIAL IMPROVEMENT DISTRICTS AND SPECIAL IMPROVEMENT DISTRICTS; AMENDING PROVISIONS RELATING TO INCIDENTAL COSTS, PROTESTS, ASSESSMENT OPTIONS, ACQUISITION OF IMPROVEMENTS, NOTICE, DEFINITIONS OF BONDS, REDEMPTION OF BONDS, REVOLVING FUNDS, AND REFUNDING BONDS; AMENDING SECTIONS 7-12-2101 THROUGH 7-12-2103, 7-12-2105, 7-12-2108, 7-12-2109, 7-12-2112, 7-12-2119, 7-12-2151 THROUGH 7-12-2153, 7-12-2158, 7-12-2159, 7-12-2167, 7-12-2169, 7-12-2171 THROUGH 7-12-2174, 7-12-2182, 7-12-2186, 7-12-4101, 7-12-4102, 7-12-4104, 7-12-4106, 7-12-4109, 7-12-4110, 7-12-4113, 7-12-4123, 7-12-4145, 7-12-4161 THROUGH 7-12-4165, 7-12-4169, 7-12-4176, 7-12-4177, 7-12-4179, 7-12-4188 THROUGH 7-12-4190, 7-12-4201, 7-12-4203 THROUGH 7-12-4206, AND 7-12-4222, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 7-12-2101, MCA, is amended to read:

"7-12-2101. Definitions. (1) The term "board of county commissioners" includes any body or board which under the law is the legislative department of the government of the county.

(2) The word "blocks", shall mean such blocks, whether regular or irregular, as are bounded by main streets or partially by a boundary line of the city.

(3) The word "city" and the word "municipality", as used in this part, shall be understood and so construed as to include all corporations heretofore organized and now existing and hereafter organized for municipal purposes.

(4) The terms "clerk" and "county clerk", as used in this part, include any person or officer who shall be clerk of the board of county commissioners.

(5) The term "county treasurer", as used in this part, means and includes any person who, under whatever name or title, is the custodian of the funds of the county.

(6) The term "engineer", ~~designated in the petition~~ as used in this part, means the person, firm, or corporation ~~whose name~~ who is designated ~~and approved~~ by the board of county commissioners as the engineer ~~in the original petition asking~~ for the improvement.

(7) The term "incidental expenses", as used in this part, ~~shall include~~ includes:

(a) the compensation of the engineer ~~selected as hereinbefore provided~~ for work done by him;

(b) the cost of printing and advertising, as provided

Montana Legislative Council

INTRODUCED BILL
HB 885

(To be kept current -- post bills when entering being heard or leaving committee.) Form CS-32

STATUS SHEET

Forty-Ninth LEGISLATIVE SESSION

COMMITTEE ON State Administration

BILL NO.	ENTERED COMM.	DATE CONSIDERED	OUT OF COMM.	DO PASS DATE	DO NOT PASS DATE	DO PASS AS AMEND. DATE	BE CONCURRED IN DATE	BE CONC. IN AS AMENDED DATE	BE NOT CONCURRED IN DATE
HB 830	2/15	2/21	2/21			2/21			
841	2/15	2/21	2/21	2/21					
860	2/16	REREFERRED TO NATURAL RESOURCES 2/16							
864	2/18	2/21	2/21	2/21					
867	2/18	REREFERRED 2/19							
871	2/18	2/21	2/21	2/21					
878	2/19	2/22	2/22	2/22					
885	2/19	REREFERRED TO LOCAL GOVERNMENT 2/20							
801	2/18	2/22	2/22	2/22					
893	2/19	2/22	2/22	2/22					
905	2/20	2/22 TABLED 2/22							
875	2/18	2/21	2/21			2/21			
916	2/21	2/22	2/22			2/22			
921	2/23	2/26	2/26		2/26				
945	3/25	3/26	3/26			3/26			

Use a separate sheet for Senate, House Bills, and Resolutions

(To be kept current -- post bills when entering being heard or leaving committee.)

Form CS-32

STATUS SHEET

49th LEGISLATIVE SESSION

COMMITTEE ON LOCAL GOVERNMENT

HOUSE BILL NO.	ENTERED COMM.	DATE CONSIDERED	OUT OF COMM.	DO PASS DATE	DO NOT PASS DATE	DO PASS AS AMEND. DATE	BE CONCURRED IN DATE	BE CONC. IN AS AMENDED DATE	BE NOT CONCURRED IN DATE
HB 832	2-15-85	2-21-85	TABLED 2-21-85						
HB 841	2-15-85	2-21-85	TABLED 2-21-85						
HB 858	2-16-85	3-7-85	3-12-85			3-12-85			
HB 865	2-18-85	2-21-85	TABLED 2-21-85						
HB 870	2-18-85	3-7-85	-Turned in 3/20/85 3-14-85		AS AMENDED 3-14-85				
HB 883	2-19-85	2-21-85	2-21-85	2-21-85					
HB 894	2-19-85	2-21-85	2-21-85	2-21-85					
HB 900	2-20-85	2-21-85	2-21-85			2-21-85			
HB 885	2-20-85	2-23-85	2-23-85			2-23-85			
HB 914	2-20-85	2-23-85	2-23-85		2-23-85				

Use a separate sheet for Senate, House Bills

MINUTES OF THE MEETING
LOCAL GOVERNMENT COMMITTEE
MONTANA STATE
HOUSE OF REPRESENTATIVES

February 23, 1985

The meeting of the Local Government Committee was called to order by Chairman Paula Darko on February 23, 1985 at 12:37 p.m. in Room 312-2 of the State Capitol.

ROLL CALL: All members were present. However, Rep. Brown was late.

CONSIDERATION OF HOUSE BILL NO. 914: Rep. Stella Jean Hansen of District 57, presented the bill to the committee, as sponsor. This bill establishes a sustainable local economic development account to be used for assisting localities or regions of the state in developing and implementing long-term economic development strategies. She said the heart of the bill is on page 1, lines 13, 14, and 15, where they are asking to remove 2 1/2% of severance taxes collected, and change to 4% to go to the state special revenue fund.

PROPONENTS: Dan Kemmis appeared in behalf of the Rural and Community Development Association, and the Community Economic Development Coalition which takes in the three counties of Missoula, Lewis and Clark, and Butte-Silver Bow. They have been trying to figure out effective ways to allocate local participation, and the main result of that effort is HB 914. The funding for the program that is proposed is taking 1/2 of 1% of the coal tax. There has been some discussion of that program already, and he was a firm supporter of the program, and worked in 1975 to have it established. They have to be flexible in using those funds in primarily different ways. Some money will be taken away from the coal tax and will be spent on services. One of the ways is to put it back into the economy and eventual sustainable resource use. There are some areas of need that have emerged from this bill. They have spent a little time with the department of commerce. There are dozens if not hundreds of businesses in the state trying to put together Building Montana packages. The department of commerce has one person trying to service the entire state, and one person can't do this. It would also make money available to provide some business assistance through the vo-tech schools. He further stated he can't think of a better way of promoting a sustainable local economic development account than through this bill. Local business incubators will also give small businesses a good start, and the bill has the advantage of bringing economic development down to the local level.

OPPONENTS: Bob Robinson of the Department of Natural Resources, said they are not in opposition to the concept, but they are in opposition to the funding of HB 914. HB 71 took

all their money and this one they are willing to fight for 5%. Beginning in 1975, it was a grant program. In 1981, the Legislature authorized a program to wean itself from grants and moving towards programs promoting small industry. The 1981 Legislature provided us to provide loans with matching money. Since 1981, this program has landed $2,653,000 for 19 people. If some of this money is taken, it is being taken from actual businesses and put into advisors.

In closing, Rep. Hansen said economic development has come a long ways in this state. It took a long time to get it moving. As far as taking money away from the renewal energy, she believes in this case it will be a good investment.

DISCUSSION OF HOUSE BILL NO. 914: Rep. Poff asked Mr. Robinson if this would be taking away any of the projects that are in the making now. Mr. Robinson said it would affect requests from fiscal years 1986 and 1987.

Rep. Kadas asked Dan Kemmis what a business incubator is and how it works, and Mr. Kemmis said the idea is that during the early period of life, small businesses have very high mortality rates. Often they are not meant to survive. There are advantages for getting small businesses together, and the idea is to provide pooling of overhead for these businesses, and sometimes they provide a building at an affordable rent. It works extremely well in a number of states.

CONSIDERATION OF HOUSE BILL NO. 885: Rep. Sales, sponsor of this bill, appeared before the committee to present it. He apologized for this bill appearing so late, and said the bill is as a result of the Governor's Task Force on Infrastructure. This bill is to amend and clarify the laws relating to rural special improvement districts and special improvement districts, and amending provisions relating to incidental costs, protests, assessment options, acquisition of improvements, notice, definitions of bonds, redemption of bonds, revolving funds, and refunding bonds. The bill is not quite as lengthy as it seems; thirty of the pages deal with rural improvement districts and the others with special improvement districts. Rep. Sales then went through the bill page by page to explain what the bill is doing.

PROPONENTS: Lieutenant Governor George Turman, who passed out written testimony as exhibit 1, stated this bill indicates it was introduced at his request. However, his office made the request on behalf of the Governor's Task Force on Infrastructure of which he was chairman. He said local needs vary from community to community, so local needs will have to be addressed locally. It is his opinion as well as the opinion of the Governor's Task Force that this bill gives appropriate flexibility to local governments without jeopardizing the rights of local citizens.

Greg Jackson, representing the Urban Coalition, appeared in support of HB 885. He thanked Rep. Darko for extending the hearing from Thursday to today. He handed out an information sheet that summarized what this bill does, and this is attached as exhibit 2. The Urban Coalition wanted to go on record in support of HB 885.

Bill Verwolf, representing the city of Helena and himself as the finance director of the city of Helena, as well as the Montana Municipal Clerks, Treasurers, and Finance Officers, and also by the request of the city of Billings. He said he wanted to bring to the committee's attention why this bill is needed. The special improvement district law was needed some 50 years ago, and it has served pretty well in that time. Buying of bonds has changed in that time. SID bonds are one of the primary methods counties are using to fund infrastructures. People buying bonds will know how long that bond will be out before it is reclaimed. This bill will change the protest requirements, allowing the people paying the bill to get to protest. He stated they feel the additional changes not only provide flexibility for local governments, but also provides a much more saleable bond product.

OPPONENTS: There were no opponents to HB 885.

In closing, Rep. Sales presented amendments which Lee Heiman passed out to the committee. He said the only way he would carry the bill is if those amendments are made. He said this bill simplifies SID and RID statutes and protects property owners, as well as allowing flexibility in assessments. He said he hoped the committee would favor this bill with a Do Pass.

DISCUSSION OF HOUSE BILL NO. 885: Rep. Pistoria said no doubt this is a good bill; however, he wanted to be sure. Chairman Darko said the committee doesn't have time to worry about it as we are pressed for time. We have to act on it or the bill dies.

Rep. Sands asked Rep. Sales why he wanted to change outside the city boundaries, on page 7, and Rep. Sales replied he didn't care one way or the other.

Rep. Sands then said that amortization bonds and serial bonds are required, and you are limiting the way you bond. Mr. Verwolf replied that amortization and serial bonds are the two types of bonds allowed. Coupon bonds are serial bonds, and serial bonds are paid off a bond at a time.

Rep. Sands then asked Rep. Sales if he would promote the methods of assessing the valuation process here, and Rep. Sales said yes, that it is just another option. Actually using the assessed value would not occur often.

Rep. Wallin addressed Rep. Sales on refunding of bonds. The 1 1/2% wouldn't sell bonds very well. Rep. Sales replied that in order to go through the process of refunding, there would have to be a larger dropping of percentages. Rep. Wallin said a person wouldn't want to take money out of savings and buy a bond, and then six months later find out this was not a good idea.

Rep. Switzer had a question concerning city bonds that they have now. Are they allowed a better method of refinancing in this bill? The Mayor of Glendive said he thought it would. Rep. Sales said it is written that if you have the money in hand, you can recall the bonds. He said he was going to amend the bill to either go back to that or open it up to negotiation. Rep. Switzer then asked if the city would have the same flexibility as the county has now, or do they have it already? Rep. Sales replied if you have the money, you can pay it off.

The committee then went into executive session for action on bills.

DISPOSITION OF HOUSE BILL NO. 914: Rep. Pistoria moved that HB 914 DO PASS, and this was seconded by Rep. Hansen. Rep. Kadas stated there is a Statement of Intent. Question being called for, motion FAILED on a 9 to 5 Roll Call Vote, and the vote was reversed to DO NOT PASS.

DISPOSITION OF HOUSE BILL NO. 885: Rep. Sales moved to DO PASS HB 885, and this was seconded by Rep. Fritz. Rep. Sales then moved the amendments, seconded by Rep. Brandewie. Rep. Sales stated the new language is stricken and it is put back to whenever it is feasible to issue bonds and call the others in.

Rep. Wallin said protests are not addressed in this, from 60% to 40%. Rep. Sales replied that in this bill if 40% of the people protest, this stops it in either district.

Question was called for on the amendments, and the motion PASSED UNANIMOUSLY. Greg Jackson of the Urban Coalition said their amendments correspond with Rep. Sales' amendments.

Rep. Wallin asked Rep. Sales if he would have any objections if 50% protested. Rep. Sales responded by saying this would expand the districts, and that the people are used to the 40%.

Rep. Kadas then moved that HB 885 DO PASS AS AMENDED, and this was seconded by Rep. Fritz.

Rep. Sands said they should discuss methods of assessments, as this was very controversial on the floor. Rep. Sales told Rep. Sands if he thinks the rest of the bill is impor-

tant enough, he could take it out, but he would vote against it. He said he would still carry the bill.

Rep. Wallin said his objection to the other bill is that it was a maintenance bill, and it is a special improvement.

Rep. Gilbert stated he objects to the way this bill was brought to us, at the last minute. He felt they should have been given more time, and he said he was going to vote against it.

Rep. Switzer said he wanted to ask Rep. Sands a little more about his objections to the method of assessment. Rep. Sands said that in special improvement districts the problems are that in subdivisions you might not know what the value of different parcels are, and there might be changes. The ones who are there first might have to subsidize the others.

Rep. Brandewie said he still disapproves of the way of assessments. The improvements of streets, etc., will improve the land, not the house on it. For the assessments to be assessed against all the improvements of the lot, he does not agree with and he will not vote for it. Rep. Sales said this will probably not be used very much.

Question was called for, Rep. Kadas' motion of DO PASS AS AMENDED on HB 885 PASSED on a Roll Call Vote of 12 to 2.

DISPOSITION OF HOUSE BILL NO. 75: Rep. Kadas moved to reconsider action on HB 75 and take if OFF THE TABLE, seconded by Rep. Fritz. It was suggested to amend it to apply to only elected officials and not all county officials. Question being called for, motion PASSED, with Rep. Gilbert, and Rep. Switzer voting "no".

Rep. Kadas moved to DO PASS HB 75, and this was seconded by Rep. Brown. Rep. Kadas then moved the amendments, seconded by Rep. Hansen. Rep. Kadas said deputy sheriffs are out, only elected officials are included.

Rep. Pistoria asked if this means giving raises to all elected officials, and Rep. Kadas replied it would be up to the county commissioners, and everyone goes together.

Question was called for, motion PASSED, with Rep. Wallin and Rep. Switzer opposing.

Rep. Brown moved to DO PASS AS AMENDED HB 75, and this was seconded by Rep. Fritz. Rep. Sands asked if this applies only to elected officials, and the answer was "yes".

Rep. Wallin said that the thing that should govern the salary is not the wealth of the county, but the amount of work that is done.

STANDING COMMITTEE REPORT

February 22 19 85

MR. Speaker:

We, your committee on Local Government

having had under consideration House Bill No. 835

first reading copy (white color)

GENERAL REVISION OF RURAL SPECIAL AND SPECIAL IMPROVEMENT DISTRICTS

Respectfully report as follows: That House Bill No. 835

BE AMENDED AS FOLLOWS:

1. Title, line 14.
Strike: "7-12-2182,"

2. Title, line 15.
Strike: "7-12-2186,"

3. Title, line 19.
Following: "7-12-4201,"
Insert: "AND"
Strike: "AND 7-12-4222,"

4. Page 17, line 15.
Strike: "22"
Insert: "26"

DO PASS

CONTINUED

Chairman.

STATE PUB. CO.
Helena, Mont.

COMMITTEE SECRETARY

February 23 19 85

5. Page 24, lines 14 and 15.
Strike: "after one-half of the term for which they were issued has expired"

6. Page 25 line 5 through line 10 of page 27.
Strike: Sections 25 and 26 in their entirety
Renumber: subsequent sections

7. Page 44, line 8.
Strike: "44"
Insert: "42"

8. Page 50, line 5.
Strike: "44"
Insert: "42"

9. Page 51, line 16.
Strike: "44"
Insert: "42"

10. Page 54, line 25.
Strike: "61"
Insert: "58"

11. Page 61, lines 4 and 5.
Strike: "after one-half of the term for which they were issued has expired"

12. Page 61, line 24 through line 14, page 63.
Strike: Section 60 in its entirety
Renumber: subsequent sections

13. Page 66, line 13.
Strike: "27"
Insert: "25"
Strike: "28"
Insert: "26"

14. Page 66, line 16.
Strike: "27"
Insert: "25"
Strike: "28"
Insert: "26"

15. Page 66, line 17.
Strike: "38, 44, 52, 55, 57, and 61"
Insert: "36, 42, 50, 53, 55, and 58"

(continued)

STATE PUB. CO.
Helena, Mont.

Chairman.

State of Montana
Office of The Lieutenant Governor
Helena 59620
(406)444-3111

GEORGE TURMAN
LIEUTENANT GOVERNOR

EXHIBIT 1
HB 885
2-23-85
Rep. Sales

Testimony of Lt. Governor George Turman Before House
Committee on Local Government Regarding HB 885
Saturday, February 23, 1985

The measure indicates that it has been introduced at my request. Actually, my office made the request on behalf of the Governor's Task Force on Infrastructure of which I was chairman.

You received the report of the Task Force by transmittal letter from Governor Schwinden earlier in the session, and I welcome this opportunity to make brief observations about that panel and HB 885.

The Task Force brought together a group of talented people representing generally the public and the sectors of the economy which have an interest in public facilities. Throughout the stages of investigation, analysis and recommendations, prime consideration was given to financial matters, recognizing that financial management and capability is at the heart of successful efforts to address community needs. In that regard, this measure is significant because the changes proposed, while modest, will improve the marketability of certain municipal and county bonds, presumably lowering their interest burden to the public.

I would also like to make the following point. From my experiences as a member of this committee and before that as mayor, I have observed that the circumstances of communities vary dramatically in this state. It follows that specific legislative prescriptions are not apt to be universally applicable or useful. Put differently: local governments should have flexibility. Local officials are responsible for public improvements and they should have options respecting mechanisms which they may employ to respond to public needs.

In my opinion, HB 885 gives appropriate flexibility to local governments without jeopardizing the property rights of local citizens.

Exhibit 2
HB 885
2-23-85
Rep. Sales

TO: House Local Government Committee
FROM: Urban Coalition
RE: Summary provisions of HB 885

INTENT OF HB 885

1. To correct technical problems in current statute.

2. To comply with the Governor's Task Force on Infrastructure Committees' immediate recommendation to "revise existing statutes on Special and Rural Improvement Districts to allow more effective financing and equalize provisions for both."

3. To correct substantive problems in current statute, i.e., to:

   - improve the ability of local governments to fairly assess property owners.

   - provide for more marketable bonds.

   - improve the security of the bonds.

   - make the authority of County governments compatable with that of city governments regarding SIDs.

SUMMARY OF IMPORTANT REVISIONS IN CURRENT STATUTE

1. Section 7-12-2151 (page 11)- Assessment of costs. The bill allows expanding the methods of assessment to include:
   - by area
   - by part of the whole cost of the improvement based upon the assessed value of the benefited lots or pieces of land within the district
   - by lineal feet
   - by other methods as the Board determines to be equitable in proportion to and not exceeding the benefits received from the improvement by the lot, tract or parcel
   - by a combination of the methods of assessment.

   The section also allows for assessment of utility connections.

2. Section 20 (page 19)- Defines forms of bonds including amoritized and seriel bonds and provides that the bonds be set up on a maturity schedule rather than term bonds resulting in improved marketability of the bonds and lower interests.

3. Section 22 (page 21)- Pooling of bonds. Allows the pooling of SIDs for payment if determined cost-effective.

4. Section 28 (page 27)- Refunding bonds. Allows refinancing of bonds for the purpose of providing money needed to pay principle and interest on outstanding bonds. The rate of interest on the refunded bonds must be ½ of 1% less than the rate of interest on the original bonds.

PROPOSED AMENDMENTS

1. Section 7-12-2167 (page 16)- Term of payment of assessments- line 16- change to read, "in annual installment corresponding to the principle payment due on the bonds."

2. Section 16 (page 17) - Line 3- change the word deliquent to unpaid.

3. Section 7-12-2174 (page 24) - lines 12-15- change to read, "improvement district bonds or warrants may be subject to redemption and prepayment at the time and upon the term provided by the board prior to the sale thereof."

4. Section 7-12-4190 (page 54) line 7- to read the same as number 1 above.

5. Section 25 (page 25) and Section 26 (page 26) reference to 15% in the revolving fund to be reduced or changed back to 5%.

Amend HB 885 (Sales)

1. Title, line 14.
Strike: "7-12-2182,"

2. Title, line 15.
Strike: "7-12-2186,"

3. Title, line 19.
Following: "7-12-4201,"
Insert: "AND"
Strike: "AND 7-12-4222,"

4. Page 17, line 15.
Strike: "28"
Insert: "26"

5. Page 24, lines 14 and 15.
Strike: "after one-half of the term for which they were issued has expired"

6. Page 25 line 5 through line 10 of page 27.
Strike: Sections 25 and 26 in their entirety
Renumber: subsequent sections

7. Page 50, line 5.
Strike: "44"
Insert: "42"

8. Page 51, line 16.
Strike: "44"
Insert: "42"

9. Page 54, line 25.
Strike: "61"
Insert: "58"

10. Page 61, lines 4 and 5.
Strike: "after one-half of the term for which they were issued has expired"

11. Page 61, line 24 through line 14, page 63.
Strike: Section 60 in its entirety
Renumber: subsequent sections

12. Page 66, line 13.
Strike: "27"
Insert: "25"
Strike: "28"
Insert: "26"

13. Page 66, line 16.
Strike: "27"
Insert: "25"

18

Strike: "28"
Insert: "26"

14. Page 66, line 17.
Strike: "38, 44, 52, 55, 57, and 61"
Insert: "36, 42, 50, 53, 55, and 58"

15. Page 66, lines 20 and 21.
Strike: "38, 44, 52, 55, 57, and 61"
Insert: "36, 42, 50, 53, 55, and 58"

HB885.42
PC5

CHAIRMAN--FULLER, DAVE
SECRETARY-GHILARDI, CHERYL
NORMAL SCHEDULE==> SITE: ROOM 405 DAYS: TU-TH-SAT TIME: 12:30-2:30 P.M.

BILL NO	REFER DATE	HEARING DATE	CONSIDERATION DATES	COMMITTEE ACTION	REREFERRED TO COMM	DATE OUT
HB0813	2/21	3/28		CONCUR		3/28
SCHYE, TED			CITY COUNCIL TO SET DATE FOR CLERK'S MONTHLY FINANCIAL REPORT			
HB0818	2/22	3/28		CONCUR		3/28
PATTERSON, JOHN W.			COUNTY CONTRIBUTION TO MUSEUM NOT OWNED BY COUNTY			
HB0883	3/05	3/28		ADVERSE REPORT		3/28
KADAS, MIKE			EXPANDING COUNTY AUTHORITY TO CONTRACT INDEBTEDNESS FOR CERTAIN PURPOSES			
HB0885	3/06	3/26	3/28	CONCUR AS AMENDED		3/28
SALES, WALTER R.			GENERAL REVISION OF RURAL SPECIAL AND SPECIAL IMPROVEMENT DISTRICTS			
HB0890	3/05	3/21	3/23	ADVERSE REPORT		3/23
MENAHAN, WILLIAM (RED)			MUNICIPAL REGULATION OF CABLE TELEVISION SYSTEMS			
HB0894	3/04	3/26		CONCUR		3/26
SANDS, JACK			WATER DISTRICT EXPANSION BASED ON EXCESS WATER FACILITIES			
HB0900	3/04	3/23	3/26	CONCUR AS AMENDED		3/26
HART, MARJORIE			5 YEAR GAP IN EMPLOYMENT AS PEACE OFFICER BEFORE RETAKING BASIC TRAINING			
HB0950	4/16	4/19	4/22	TABLED		
MOORE, JANET			CHANGE GRANITE AND MISSOULA COUNTY BOUNDARIES IN CLINTON AREA			
HB0954	4/16	4/19	4/22	CONCUR AS AMENDED		4/22
THOMAS, FRED			CHANGE BOUNDARY BETWEEN MISSOULA AND RAVALLI COUNTIES IN THE LOLO AREA			

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MINUTES OF THE MEETING
LOCAL GOVERNMENT COMMITTEE
MONTANA STATE SENATE

March 26, 1985

The twenty-seventh meeting of the Local Government Committee was called to order at 12:30 p.m. on March 26, 1985 by Chairman Dave Fuller in Room 405 of the Capitol Building.

ROLL CALL: All members were present.

CONSIDERATION OF HOUSE BILL 496: Representative Paula Darko, District #2, is the sponsor of this bill. The bill was introduced to authorize the creation of county park districts for the operation of county or donated park and recreation lands within the district; to provide for the creation, after an election, of such a district; to provide for an elected commission to administer the district; to provide for a property tax mill levy for the operation of the district; to provide that the maximum district mill levy must be approved by the district electorate; to provide for the administration of such a district; to provide bonding authority for such a district; and to provide for the alteration and dissolution of such a district.

PROPONENTS

Mitzi Smart, a Libby resident, spoke in favor of the bill. She submitted a booklet containing information on the bill and written testimony. It is attached as Exhibit A to these minutes.

Robert Ryan, member of the Lewis and Clark County Park Board, spoke in favor of the bill. He said SB 204, which is similar to this bill, is not in conflict with HB 496. He said they are two different means of financing county parks. Larger counties would probably use SB 204 and rural areas would probably use HB 496.

Dave Conklin, member of the Lewis and Clark County Park Board, spoke in favor of the bill. He said they need all the options they can get for funding of county parks.

Gretchen Olheiser, President of the Montana County Parks Association, stated her support of the bill.

OPPONENTS

There were no opponents to HB 496.

Chairman Fuller opened the hearing for Committee questions. There were no questions from the Committee regarding HB 496.

The hearing was closed on HB 496.

Senator Story asked if "area" meant the lot space or the building space. Mr. Lawton said it is the lot space.

The hearing was closed on HB 612.

CONSIDERATION OF HOUSE BILL 736: Representative Earl Lory, District #59, is the sponsor of this bill. The bill was introduced to authorize the governing body of a municipality or a county to require financial security from an owner of twenty-five percent or more of the lots within an improvement district for reimbursement of a revolving fund.

PROPONENTS

There were no proponents to HB 736.

OPPONENTS

There were no opponents to HB 736.

Chairman Fuller opened the hearing for Committee questions.

Senator Crippen suggested striking the word "may" and inserting "will." He also expressed concern with requiring a fifteen year irrevocable letter of credit. Bill Verwolf said the letter of credit would not necessarily be for fifteen years. The bill requires a letter of credit acceptable to the local government. This could be for as little as four or five years.

Senator Eck asked if this bill would do away with SIDs. Mr. Lawton said there have been some defects in the SID laws that are causing the problems they now have, although he doesn't feel SIDs should be done away with entirely. This bill would make developers take a much harder look at what is being financed by SIDs.

Senators Mohar and Crippen expressed concern about a person who posts this security and then wants to sell part or all of the land. Mr. Lawton said they would be refunded in proportion to the sale.

The hearing was closed on HB 736.

ACTION TAKEN ON HOUSE BILL 496: Senator Eck moved that HB 496 BE CONCURRED IN. The motion passed unanimously. Senator Mohar will carry the bill.

CONSIDERATION OF HOUSE BILL 885: Representative Walter Sales, District #76, is the sponsor of this bill. The bill was introduced at the request of the Lieutenant Governor. The purpose of the bill is to amend and clarify the laws relating to rural special improvement districts and special improvement districts; and to amend provisions relating to incidental costs, protests, assessment options, acquisition of improvements, notice, definitions of bonds, redemption of bonds, revolving funds, and refunding bonds.

PROPONENTS

George Turman, Lieutenant Governor, spoke in favor of the bill. He said the bill was introduced on behalf of the Governor's Task Force on Infrastructure and was intended to give appropriate flexibility to SIDs.

Greg Jackson, representing Urban Coalition, spoke in favor of the bill. He said it is a comprehensive bill that deals with SID problems and expands types of assessments.

Alec Hansen, representing the Montana League of Cities and Towns, spoke in favor of the bill. He said they are interested in providing an equitable method of refunding bonds. This bill provides that bonds can be issued in a short period of time and at lower rates.

John Lawton, Finance Director for the City of Billings, spoke in favor of the bill. He said current SID laws result in very high costs for property owners, particularly in the first years of the SID. He said they would like to see the bill amended so that bonds are eligible for refunding at one third of the life of the bonds rather than one half.

Bill Verwolf, representing the City of Helena, spoke in favor of the bill. He said being able to sell the bonds at a discount would lower interest rates. He said the purpose of the bill is to make Montana SID bonds more marketable and competitive.

Gordon Morris, representing the Montana Association of Counties, stated his support of the bill.

OPPONENTS

There were no opponents to HB 885.

Chairman Fuller opened the hearing for Committee questions.

Senator Story asked if this bill could affect bonds that are out now. Representative Sales said it could because the bonds are presently callable, but it depends on the language of the bonds.

Senator Fuller asked if brokerage firms worked on this bill. Lieutenant Governor Turman said yes; they were included on the Governor's Task Force on Infrastructure.

The hearing was closed on HB 885.

MINUTES OF THE MEETING
LOCAL GOVERNMENT COMMITTEE
MONTANA STATE SENATE

March 28, 1985

The twenty-eighth meeting of the Local Government Committee was called to order at 12:30 p.m. on March 28, 1985 by Chairman Dave Fuller in Room 405 of the Capitol Building.

ROLL CALL: All members were present.

CONSIDERATION OF HOUSE BILL 683: Representative Mary Ellen Connelly, District #8, is the sponsor of this bill. The bill was introduced to authorize a county governing body to enact ordinances for the enforcement of county park board rules; to allow the county governing body to authorize a county park board to employ a county park warden; and to provide that such a warden is not a peace officer.

PROPONENTS

There were no proponents to HB 683.

OPPONENTS

There were no opponents to HB 683.

Chairman Fuller opened the hearing for Committee questions.

Senator McCallum asked if they were able to hire wardens now. Representative Connelly said they were able to, but the wardens cannot issue citations.

Senator Fuller said he had spoken with the Helena sheriff and his concern was liability in the case of something like crowd control. Representative Connelly said in that case, they would call the sheriff anyway.

Senator Fuller asked Representative Connelly what the specific problem in the parks is. Representative Connelly said often when they call the sheriff's office, by the time they arrive the vandals have already gone.

The hearing was closed on HB 683.

ACTION TAKEN ON HB 683: Senator Crippen moved that HB 683 BE CONCURRED IN. The motion passed unanimously. Senator Brown will carry the bill.

ACTION TAKEN ON HOUSE BILL 673: Senator Mohar moved that HB 673 as amended BE CONCURRED IN. The motion passed with Senators Fuller, Harding, Eck, Mohar, Regan, Pinsoneault, and Crippen voting yes and Senators McCallum, Hirsch, and Story voting no. Senator Mohar will carry the bill.

ACTION TAKEN ON HOUSE BILL 791: Senator Story explained his proposed amendments to the bill. They are attached as Exhibit D to these minutes.

Senators Mohar and Harding expressed concern that the copy of the determination of the review be reflected on the certificate of survey or deed of conveyance. Karen Renne will put this language in the proposed amendments.

Senator Story moved that the proposed amendments be adopted. The motion passed unanimously.

Senator Mohar expressed concern with the additional burden that would be put on counties. Senator Harding said it would not be as much of a burden as they have in reviewing plats under twenty acres.

Senator Harding moved that HB 791 as amended BE CONCURRED IN. The motion passed with Senators Mohar and Crippen voting no. Senator Harding will carry the bill.

ACTION TAKEN ON HOUSE BILL 736: Senator Hirsch moved that HB 736 BE NOT CONCURRED IN.

Senator Eck spoke against the motion, saying she feels the bill gives counties a lot of flexibility.

Senator Hirsch's motion passed with Senators Mohar, Story, Crippen, McCallum, Hirsch, and Harding voting yes and Senators Regan, Eck, and Fuller voting no. Senator Crippen will carry the Adverse Committee Report.

ACTION TAKEN ON HOUSE BILL 612: Senator Regan moved that HB 612 BE TABLED. The motion passed unanimously.

ACTION TAKEN ON HOUSE BILL 885: Senator Mohar moved that HB 885 be amended to reduce the figure of "one half" to "one third." The motion passed unanimously.

Senator Crippen moved that Section 42 of the bill be stricken. The motion passed with Senator Eck voting no.

Senator Crippen moved that Subsection (e) on Page 12 be stricken to coordinate with striking Section 42. The motion passed unanimously.

The amendments to HB 885 are attached as Exhibit E to these minutes. Senator Crippen moved that HB 885 as amended BE CONCURRED IN. The motion passed unanimously. Senator Fuller will carry the bill.

The meeting adjourned at 2:30 p.m.

Senator Dave Fuller

Senator Dave Fuller, Chairman

LOCAL GOVERNMENT COMMITTEE
MARCH 28, 1985
EXHIBIT E

AMENDMENTS TO HOUSE BILL 885 (adopted by Senate Local Government Committee, March 27, 1985)

1. Page 12, lines 19 thrugh 23.
Strike: subsection (e) in its entirety

2. Page 15, lines 17 and 18.
Following: "published" in line 17
Strike: remainder of line 17 through "made-" in line 18
Insert: "as provided in [Senate Bill No. 130, section 1]"

3. Page 16, line 4.
Following: "5"
Strike: "10"
Insert: "5"

4. Page 16, line 5.
Following; line 4
Insert: "second"
Following: "publication"
Strike: "and"
Insert: "or less than 10 days after the"

5. Page 24, line 17.
Following: "~~expired~~"
Insert: "after one-third of the term for which they were issued has expired"

6. Page 30, line 19.
Following: "(a)"
Strike: "one-half"
Insert: "one-third"

7. Page 48, line 21, through line 2, page 49.
Strike: section 42 in its entirety
Renumber: subsequent sections

8. Page 61, line 7.
Following: "~~expired~~"
Insert: "after one-third of the term for which they were issued has expired"

9. Page 66, line 9.
Following: "(a)"
Strike: "one-half"
Insert: "one-third"

STANDING COMMITTEE REPORT

MARCH 29 85
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MR. PRESIDENT

We, your committee on LOCAL GOVERNMENT

having had under consideration HOUSE BILL No. 885

THIRD reading copy (BLUE color)

(FULLER WILL CARRY)

GENERAL REVISION OF RURAL SPECIAL AND SPECIAL IMPROVEMENT DISTRICTS

HOUSE BILL 885

Respectfully report as follows: That..... No.....

be amended as follows:

1. Page 12, lines 19 through 21.
   Strike: subsection (e) in its entirety

2. Page 15, lines 17 and 18.
   Following: "published" on line 17
   Strike: remainder of line 17 through "made" in line 18
   Insert: "as provided in [Senate Bill No. 130, section 1]"

3. Page 16, line 4.
   Following: "5"
   Strike: "10"
   Insert: "5"

4. Page 16, line 5.
   Following: line 4
   Insert: "second"
   Following: "publication"
   Strike: "and"
   Insert: "or less than 10 days after the"

5. Page 24, line 17.
   Following: "expired"
   Insert: "after one-third of the term for which they were issued has expired"

~~DO PASS~~

~~DO NOT PASS~~

CONTINUED

.....
Chairman.

MARCH 29 19 85

6. Page 30, line 19.
Following: "(a)"
Strike: "one-half"
Insert: "one-third"

7. Page 48, line 21, through line 2, page 49.
Strike: section 42 in its entirety
Renumber: subsequent sections

8. Page 61, line 7.
Following: "expired"
Insert: "after one-third of the term for which they were issued has expired"

9. Page 66, line 9.
Following: "(a)"
Strike: "one-half"
Insert: "one-third"

AND AS AMENDED

BE CONCURRED IN

Senator Dave Fuller, Chairman

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CONFERENCE COMMITTEE REPORT

Report No. 1

April 18, 1985

MR. SPEAKER

We, your _____ Conference Committee on

HOUSE BILL 885, reference copy salmon

met and considered _____

Local Government report of 3-29-85 and

Fuller amendments of 4-1-85

We recommend as follows:

1. Page 24, lines 19 and 20.
Strike: "AFTER ONE-THIRD OF THE TERM FOR WHICH THEY WERE ISSUED HAS EXPIRED"

2. Page 61, lines 10 and 11.
Strike: "AFTER ONE-THIRD OF THE TERM FOR WHICH THEY WERE ISSUED HAS EXPIRED"

And that this Conference Committee report be adopted.

FOR THE SENATE

Fuller, Chairman

Mohar

Cripps

FOR THE HOUSE

Addy

Kadas

Rehberg

Sales

ADOPT REJECT

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HOUSE BILL NO. 885

INTRODUCED BY SALES

BY REQUEST OF THE LIEUTENANT GOVERNOR

A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND AND CLARIFY THE LAWS RELATING TO RURAL SPECIAL IMPROVEMENT DISTRICTS AND SPECIAL IMPROVEMENT DISTRICTS; AMENDING PROVISIONS RELATING TO INCIDENTAL COSTS, PROTESTS, ASSESSMENT OPTIONS, ACQUISITION OF IMPROVEMENTS, NOTICE, DEFINITIONS OF BONDS, REDEMPTION OF BONDS, REVOLVING FUNDS, AND REFUNDING BONDS; AMENDING SECTIONS 7-12-2101 THROUGH 7-12-2103, 7-12-2105, 7-12-2108, 7-12-2109, 7-12-2112, 7-12-2119, 7-12-2151 THROUGH 7-12-2153, 7-12-2158, 7-12-2159, 7-12-2167, 7-12-2169, 7-12-2171 THROUGH 7-12-2174, ~~7-12-2182,~~ ~~7-12-2186,~~ 7-12-4101, 7-12-4102, 7-12-4104, 7-12-4106, 7-12-4109, 7-12-4110, 7-12-4113, 7-12-4123, 7-12-4145, 7-12-4161 THROUGH 7-12-4165, 7-12-4169, 7-12-4176, 7-12-4177, 7-12-4179, 7-12-4188 THROUGH 7-12-4190, 7-12-4201, AND 7-12-4203 THROUGH 7-12-4206, ~~AND 7-12-4222,~~ MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 7-12-2101, MCA, is amended to read:

"7-12-2101. Definitions. (1) The term "board of county commissioners" includes any body or board which under the law is the legislative department of the government of the county.

(2) The word "blocks", shall mean such blocks, whether regular or irregular, as are bounded by main streets or partially by a boundary line of the city.

(3) The word "city" and the word "municipality", as used in this part, shall be understood and so construed as to include all corporations heretofore organized and now existing and hereafter organized for municipal purposes.

(4) The terms "clerk" and "county clerk", as used in this part, include any person or officer who shall be clerk of the board of county commissioners.

(5) The term "county treasurer", as used in this part, means and includes any person who, under whatever name or title, is the custodian of the funds of the county.

(6) The term "engineer", ~~designated in the petition~~ as used in this part, means the person, firm, or corporation ~~whose name~~ who is designated ~~and approved~~ by the board of county commissioners as the engineer ~~in the original petition asking~~ for the improvement.

(7) The term "incidental expenses", as used in this part, ~~shall include~~ includes:

(a) the compensation of the engineer ~~selected as hereinbefore provided~~ for work done by him;

(b) the cost of printing and advertising, as provided

HB 885
REFERENCE BILL: INCLUDES CONFERENCE COMMITTEE REPORT.
DATED 4-23-85

Montana Legislative Council

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in this part~~, the expenses of making the assessment for any work authorized by this part~~;

(c) interest on warrants of the county issued to pay costs of improvements as provided in this part;

(d) costs of issuance of the bonds or warrants of the special improvement district, including costs of printing the bonds, bond registration fees, attorneys' fees and financial consultants' fees, a premium for bond insurance, any price paid by the original purchaser of the bonds that is less than the face amount thereof, and interest to accrue on bonds or warrants of the special improvement district before assessments levied by the district are collected in amounts and at times sufficient to pay such interest; and

(e) a reasonable administrative fee payable to the county for the creation and administration of the district by the county, its officers, and its employees.

(8) The term "main street" means such actually opened street or streets as bound a block.

(9) The words "paved" or "repaved", as used in this part, shall be held to mean and include pavement of stone, whether paving blocks or macadam; of bituminous rock or asphalt; or of wood, brick, or other material, whether patented or not, which the board of county commissioners by rule or resolution shall adopt.

(10) The term "quarter block", as used in this part as

to irregular blocks, includes all lots or portions of lots having any frontage on either intersecting street halfway from such intersection to the next main street or when no main street intervenes, all the way to the boundary line of any city.

(11) The word "street", as used in this part, includes avenues, highways, lanes, alleys, crossings or intersections, courts, and places which have been dedicated and accepted according to the law or in common and undisputed use by the public for a period of not less than 5 years next preceding.

(12) The term "street intersection", wherever used in this part, means that parcel of land at the point of juncture or crossing of intersecting streets, which lies between lines drawn from corner to corner of all lot lines immediately cornering at such juncture.

(13) The words "work", "improved", and "improvements", as used in this part, shall include all work or the securing of property, by purchase or otherwise, mentioned in this part and also the construction, reconstruction, maintenance, and repair of all or any portion of said work."

Section 2. Section 7-12-2102, MCA, is amended to read:

"7-12-2102. Authorization to create rural improvement districts ~~upon petition~~. (1) Whenever the public interest or convenience may require ~~and upon the petition of 60% of~~

~~the--freeholders--affected--thereby~~, the board of county commissioners is hereby authorized and empowered to order and create special improvement districts ~~in---thickly populated--localities~~ outside of the limits of incorporated towns and cities for the purpose of building, constructing, or acquiring by purchase ~~devices-intended-to-protect-the safety-of-the-public-from-open-ditches--carrying--irrigation or--other--water--and-maintaining-sanitary-and-storm-sewers, light-systems,-waterworks-plants,-water-systems,--sidewalks, and-such-other-special-improvements-as-may-be-petitioned-for~~ one or more of the improvements of the kind described in 7-12-4102, in or for the benefit of the special improvement district.

(2) The board of county commissioners may ~~upon compliance-with-subsection--(1)~~ order and create special improvement districts covering projects abutting the city limits and include properties inside the city where the rural improvement district abuts and benefits that property. Property owners within the proposed district boundaries inside the city may not be included in the rural special improvement district ~~only~~ if ~~60%~~ 40% of those property owners ~~approve~~ protest the creation of the rural special improvement district. The property inside the city must be treated in a similar manner as to improvements, notices, and assessments as the property outside the city limits. A joint

resolution of the city and county must be passed agreeing to the terms of the rural special improvement district prior to passing the resolution of intention or resolution creating the rural special improvement district. A copy of the resolution of intention and the resolution creating the rural special improvement district must be provided to the city clerk upon the passage of the respective resolutions."

Section 3. Section 7-12-2103, MCA, is amended to read:

"7-12-2103. Resolution of intention to create rural improvement district. (1) Before creating any special improvement district for the purpose of making any of the improvements or acquiring any private property for any purpose authorized by this part, the board of county commissioners shall pass a resolution of intention to do so.

(2) The resolution shall:

(a) designate the number of such district~~,~~;

(b) describe the boundaries thereof~~,~~;

(c) state therein the general character of the improvements which are to be made~~, and~~;

(d) designate the name of the engineer who is to have charge of the work and an approximate estimate of the cost thereof~~.~~; and

(e) specify the method or methods by which the costs of the improvements will be assessed against property in the district."

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Section 4. Section 7-12-2105, MCA, is amended to read:

"7-12-2105. Notice of resolution of intention to create district -- hearing. (1) Upon having passed the resolution of intention pursuant to 7-12-2103, the board of county commissioners must give notice of the passage of such resolution of intention.

(2) The notice must be published for 10 consecutive days in a daily newspaper or in two issues of a weekly newspaper published nearest to the place where such improvement district is to be created. The board shall also cause a copy of such notice to be posted in three public places within the boundaries of such special improvement district. A copy of such notice shall be mailed to every person, firm, or corporation or the agent of such person, firm, or corporation owning real property within the proposed district listed in his name upon the last completed assessment roll for state, county, and school district taxes, at his last known place of residence, upon the same day such notice is first published or posted.

(3) Such notice must describe the general character of the improvement or improvements so proposed to be made or acquired by purchase, state the estimated cost thereof, describe generally the method or methods by which the costs of the improvements will be assessed, and designate the time when and the place where the board will hear and pass upon

all protests that may be made against the making or maintenance of such improvements or the creation of such district. The notice shall refer to the resolution on file in the office of the county clerk for the description of the boundaries. If the proposal is for the purchase of an existing improvement, the notice shall state the exact purchase price of such existing improvement."

Section 5. Section 7-12-2108, MCA, is amended to read:

"7-12-2108. Extension of proposed district. Whenever a contemplated work or improvement, in the opinion of the board of county commissioners, is of more than local or ordinary public benefit or whenever, according to the estimates furnished by the county surveyor or ~~an~~ the engineer ~~approved--by--the--board--and--designated--in--the petition~~, the total estimated cost and expenses thereof would exceed one-half of the total assessed value of the lots and lands assessed (if assessed upon the lots and lands fronting upon such proposed work or improvement according to the valuation fixed by the last assessment roll whereon it was assessed for taxes), the board may make the expense of such work chargeable upon ~~the extended district, which may include~~ the lots and lands fronting upon such proposed improvement and upon other lots and lands not fronting on the improvement and which the board shall declare, in its resolution of intention, to be the ~~district~~ property

benefited by said work or improvement and to be assessed to pay the cost and expense thereof."

NEW SECTION. Section 6. Multiple improvements in single proceeding. The board of county commissioners may include, in one proceeding under one resolution of intention and in one contract, any of the different kinds of improvements or work provided for in this part and may include any number of streets and rights-of-way or portions thereof, and it may exempt any of the work already done upon a street to the official grade.

Section 7. Section 7-12-2109, MCA, is amended to read:

"7-12-2109. Right to protest creation or extension of district. At any time within 15 days after the date of the first publication of the notice of the passage of the resolution of intention, any owner of property liable to be assessed for said work may make written protest against the proposed work or against the extending or creation of the district to be assessed, or both. Such protest must be in writing ~~and~~, identify the property in the district owned by the protestor, and be signed by all owners of the property. The protest must be delivered to the county clerk, who shall endorse thereon the date of its receipt by him."

Section 8. Section 7-12-2112, MCA, is amended to read:

"7-12-2112. Sufficient protest to bar proceedings -- exception. (1) Except as provided in subsection (2), no

further proceedings shall be taken for a period of 6 months from the date when said protest was received by the county clerk when:

~~(a)--the-protest-is-against-the-proposed-work--and--the cost--thereof--is--to-be-assessed-upon-the-property-fronting thereon-and~~ the board of county commissioners finds that such protest is made by the owners of property in the district to be assessed for more than 50% of ~~the--area fronting-on~~ the cost of the proposed work~~;-or~~, in accordance with the method or methods of assessment described in the resolution of intention.

~~(b)--the-protest-is-against-the-proposed-work--and--the cost--thereof-is-to-be-assessed-upon-the-property-within-the extended-district-and-the-board-finds-that-such--protest--is made--by-the-owners-of-more-than-one-half-of-the-area-of-the property-to-be-assessed-for-such-improvements.~~

(2) In case the improvements are the construction of sanitary sewers, the protests may be overruled by a unanimous vote of the board."

Section 9. Section 7-12-2119, MCA, is amended to read:

"7-12-2119. Manner of making demands for incidental expenses. All demands for incidental expenses in 7-12-2101(7), except for the administrative fee of the county and interest payable on warrants or bonds of the district, shall be presented to the county clerk by itemized

bill, duly verified by oath of the demandant."

Section 10. Section 7-12-2151, MCA, is amended to read:

"7-12-2151. Assessment of costs. (1) To defray the cost of making or acquiring any of the improvements provided for in this part, including incidental expenses, the board of county commissioners shall assess the entire cost of the improvements against benefited lots, tracts, or parcels of land in the district, based upon the benefits received, and shall adopt one or any combination of the following ~~method~~ methods of assessment for each improvement made or acquired for the benefit of the district:

~~(1)~~(a) ~~The board shall assess the entire cost of such improvements against the entire district.~~ Each lot, tract, or parcel of land assessed in such district ~~shall~~ may be assessed with that part of the whole cost which its assessable area bears to the assessable area of all the ~~entire~~ benefited lots, tracts, or parcels in the district, exclusive of streets, avenues, alleys, and public places. For the purposes of this subsection (1)(a), "assessable area" means an area of a lot, tract, or parcel of land representing the benefit conferred upon the lot, tract, or parcel by the improvement. Assessable area may be less than but may not exceed the actual area of the lot, tract, or parcel.

~~(2)~~(b) ~~Where said rural improvement district is located more than 5 miles from the boundary of an incorporated city or town, said assessment may, at the option of the board, be~~ Each lot, tract, or parcel of land assessed in the district may be assessed with that part of the whole cost of the improvement based upon the assessed value of the benefited lots or pieces of land within said district, IF THE BOARD DETERMINES SUCH ASSESSMENT TO BE EQUITABLE IN PROPORTION TO AND NOT EXCEEDING THE BENEFITS RECEIVED FROM THE IMPROVEMENT BY THE LOT, TRACT, OR PARCEL.

(c) Each lot, tract, or parcel of land in the district abutting upon the street where the improvement has been made may be assessed in proportion to its lineal feet abutting the street.

(d) Each lot, tract, or parcel of land in the district served by a utility connection may be assessed an equitable lump sum for the connection based on the bid price in the applicable contract.

~~(e) Each lot, tract, or parcel of land may be assessed for the cost of the improvement on the basis of such other method as the board determines to be equitable in proportion to and not exceeding the benefits received from the improvement by the lot, tract, or parcel.~~

(2) The board may use one or any combination of methods of assessment in a single special improvement

district and, if more than one improvement is undertaken, need not assess each lot, tract, or parcel in the district for the cost of all the improvements.

(3) The board in its discretion shall have the power to pay the whole or any part of the cost of any street, avenue, or alley intersection out of any funds in its hands available for that purpose or to include the whole or any part of such costs within the amount of the assessment to be paid by the benefited property in the district."

Section 11. Section 7-12-2152, MCA, is amended to read:

"7-12-2152. Exception for owners of water ditches under certain circumstances. The owner or owners of open ditches carrying irrigation or other water shall not be included in any rural improvement district under this part for the purpose of assessment to support the rural improvement district for the installation, repair, or maintenance of any protective devices ~~referred to in 7-12-2102~~ intended to protect the safety of the public from open ditches carrying irrigation or other water. Such devices or improvements shall provide access to and shall not be constructed so as to hinder the operation and maintenance of the ditch."

Section 12. Section 7-12-2153, MCA, is amended to read:

"7-12-2153. Incidental expenses considered as cost of improvements. (1) The cost and expense connected with and incidental to the formation of any special improvement district, including the cost of preparation of plans, specifications, maps, or plats; engineering, superintendence, and inspection; and preparation of assessment rolls~~;~~ and the other incidental expenses described in 7-12-2101(7) shall be considered a part of the cost and expenses of making the improvements within such special improvement district.

(2) The original costs of any improvement may, at the option of the ~~local governing body~~ board of county commissioners, include an amount not to exceed ~~3%~~ 5% of the principal amount of any bonds or warrants to be issued, which shall be deposited in the revolving fund created in 7-12-2181 ~~or deposited in the county general fund~~."

Section 13. Section 7-12-2158, MCA, is amended to read:

"7-12-2158. Resolution for levy and assessment of tax. (1) To defray the cost of making or acquiring improvements in any special improvement district, the board of county commissioners shall by resolution levy and assess a tax upon all benefited property in the district created for such purpose, by using for a basis for such assessment the method or methods provided for by this part and described in the

resolution of intention.

(2) Such resolution shall contain a description of each lot or parcel of land, with the name of the owner if known, and the amount of each partial payment, when made, and the day when the same shall become delinquent.

(3) Such resolution, signed by the chairman of the board, shall be kept on file in the office of the county clerk."

Section 14. Section 7-12-2159, MCA, is amended to read:

"7-12-2159. Notice of resolution for levy and assessment of tax -- protest and hearing. (1) A notice, signed by the county clerk and stating that the resolution levying a special assessment to defray the cost of making the improvements is on file in the office of the county clerk and is subject to inspection, shall be:

(a) published ~~at least once in a newspaper published nearest to where the special improvement is to be made~~ AS PROVIDED IN [SENATE BILL NO. 130, SECTION 1]~~.~~;

(b) mailed to the owner of each lot, tract, or parcel of land to be assessed (such lands must be identified and the mailing address determined from the last completed assessment roll for state, county, and school district taxes); and

(c) mailed to such other persons known to the clerk t:

have an ownership interest in the property.

(2) The notice shall state the time at and place in which objections to the final adoption of the resolution will be heard by the board of county commissioners. The time for the hearing may not be less than 5 ~~10~~ 5 days after the SECOND publication ~~and~~ OR LESS THAN 10 DAYS AFTER THE mailing of the notice."

Section 15. Section 7-12-2167, MCA, is amended to read:

"7-12-2167. Term of payment of assessments. (1) Except as provided in subsection (2), the payment of the assessment to defray the cost of constructing any improvements in special improvement districts may be spread over a term of not to exceed 30 years~~, payment to be made in equal annual installments~~.

(2) If federal loans are available, payments may be spread over a term of not to exceed 40 years.

(3) If the bonds of the special improvement district are issued as serial bonds, the assessments must be payable in equal annual installments. If the bonds are issued as amortization bonds, the assessments must be payable in equal annual installments of principal and interest, each in the amount required to pay the principal over the term of payment, with interest at the rate then borne by the assessment.

(4) Any assessment that is not delinquent may be prepaid, in whole but not in part, at any time after the assessment is levied, by the payment of the assessment, with interest accrued and to accrue thereon through the next date on which interest on bonds of the special improvement district is payable."

NEW SECTION. Section 16. Interest rate on delinquent assessments. The installments of assessments remaining unpaid bear simple interest at an annual rate of the sum of 1/2 of 1% a year plus the average interest rate payable on the outstanding bonds or warrants of the special improvement district.

NEW SECTION. Section 17. Change in outstanding principal of district -- relevy of assessments. If proceeds of the bonds or warrants of the special improvement district, including investment income thereon, are applied to the redemption and prepayment of such bonds or warrants, as provided in 7-12-2173 and 7-12-2174, or if refunding bonds are issued pursuant to [section ~~28~~ 26] and the principal amount of the outstanding bonds of the district is decreased or increased, the assessments levied in the district and then outstanding must be reduced or increased, respectively, pro rata by the principal amount of such prepayment or the increment above or below the outstanding principal amount of bonds represented by the refunding

bonds. The board shall reassess and relevy such assessments, with the same effect as an original levy, in such reduced or increased amounts, in accordance with the provisions of 7-12-2158 through 7-12-2160.

Section 18. Section 7-12-2169, MCA, is amended to read:

"7-12-2169. Use of bonds and warrants. All costs and expenses incurred in any improvement district in the acquisition, construction, or maintenance of any improvement specified in this part or incurred in the issuance of bonds or warrants of the district, including incidental expenses, shall be paid for by special improvement district bonds or warrants. The board of county commissioners shall provide for making payments for maintenance or improvements in any rural improvement district by the method provided in 7-12-2172 and 7-12-2173."

Section 19. Section 7-12-2171, MCA, is amended to read:

"7-12-2171. Details relating to rural improvement district bonds and warrants. (1) The bonds and warrants shall be drawn against the special improvement district fund created for the district (that is, either the construction or maintenance fund, as the case may be) and shall bear interest from the date of registration until called for redemption or paid in full. The interest shall be payable

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annually ~~on--January-1-of-each-year-unless~~ or semiannually, at the discretion of the board of county commissioners, on such dates as the board prescribes ~~another-date~~. Such warrants ~~for bonds~~ shall bear the signatures of the chairman of the board and the county clerk and shall bear the corporate seal of the county. They shall be registered in the office of the county clerk and the county treasurer, and if interest coupons be attached thereto, they shall also be so registered and shall bear the signatures of the chairman of the board and the county clerk. Said coupons may bear the facsimile signatures of said officers in the discretion of the board.

(2) Said bonds shall be in denominations of $100 or fractions or multiples thereof, may be issued in installments, and may extend over a period of not to exceed 30 years; except that if federal loans are available for improvements, repayment may extend over a period not to exceed 40 years.

(3) All special improvement district bonds must be amortization bonds unless, in the judgment of the board, serial bonds will be more advantageous to the district and can be sold at a comparatively reasonable rate or rates of interest."

NEW SECTION. Section 20. Definitions of forms of bonds. As used in this part, unless the context clearly

indicates otherwise, the following definitions apply:

(1) "Amortization bonds" means the form of bonds on which:

(a) a part of the principal must be paid each time interest becomes payable;

(b) the part payment of principal increases at each installment in the same amount that the interest decreases;

(c) the combined interest and principal due on each due date remains the same until the bonds are paid;

(d) the final payment may vary from prior payments in the amount resulting from disregarding fractional costs in prior payments; and

(e) the initial payment may be larger than subsequent payments if such increase represents interest accrued over an additional period not greater than 6 months.

(2) "Serial bonds" means the form of bonds that are payable in annual installments and on which the amount maturing each year may not be more than three times the principal amount of bonds maturing in any previous year.

Section 21. Section 7-12-2172, MCA, is amended to read:

"7-12-2172. Procedure to issue bonds and warrants. (1) The board of county commissioners shall sell bonds or warrants issued under the provisions of 7-12-2169 through 7-12-2174, in an amount sufficient to pay that part of the

total cost and expense of ~~making~~ the ~~improvement~~ improvements which is to be assessed against the benefited property within the district, to the highest and best bidder therefor for cash ~~and for not less than the face value of such bonds or warrants~~, at a price, including interest thereon~~.~~ to date of delivery, not less than that prescribed by the board in the resolution calling for the sale of the bonds or warrants. The board may fix the minimum price for the bonds or warrants in an amount less than the face value thereof if it determines that such sale is in the best interests of the district and the county.

(2) The bonds or warrants may be sold at a private negotiated sale to the United States or the state of Montana, or an agency, instrumentality, corporation, or department thereof.

~~(2)~~(3) ~~The~~ In all other cases, the provisions of 7-7-4251 through 7-7-4254 which relate to the notice of sale, publication of notice, and manner and method of selling bonds by cities and towns, insofar as the same are applicable thereto and not in conflict with the provisions of this section and 7-12-2173, shall apply to, govern, and control the form of notice of sale, publication of notice, and manner and method of selling such bonds or warrants."

NEW SECTION. Section 22. Pooling of bonds of districts in county. (1) If the board of county

commissioners determines by resolution that the pooling of bonds of more than one special improvement district of the county is in the best interest of the county and the respective districts and will facilitate the sale of the bonds under more advantageous terms or with lower interest rates, the county may issue bonds of the districts combined in a single offering. Such bonds must be secured by the rural special improvement district revolving fund of the county.

(2) The title of the bonds issued pursuant to this section shall denote that bonds of different special improvement districts have been pooled and shall refer to the numbers of the districts. The bonds must be drawn against a sinking fund that has separate accounts for each special improvement district combined for financing purposes, into which must be payable the assessments levied in each of the districts.

Section 23. Section 7-12-2173, MCA, is amended to read:

"7-12-2173. Disposition of bond or warrant proceeds. (1) The board of county commissioners shall use the proceeds of such sale in making payment ~~to the contractor or contractors~~ for the cost of the improvements. ~~Such payment~~ Payments to contractors may be made either from time to time, on estimates made by the engineer in charge of such

improvements for the county, or upon the entire completion of the improvements and the acceptance thereof by the board.

(2) All interest earned on the investment of bond or warrant proceeds during the construction of improvements must be credited to the construction account of the improvement district fund from which the proceeds were withdrawn.

(3) Any proceeds of the bonds or warrants, including investment income thereon, remaining after payment of all costs of the improvements must be transferred to the sinking fund in the improvement district fund and applied, to the extent possible, to the prepayment and redemption of bonds or warrants on the next succeeding redemption date for which notice of redemption may properly be given."

Section 24. Section 7-12-2174, MCA, is amended to read:

"7-12-2174. Redemption of bonds and warrants. (1) The county treasurer shall first pay out of the proper special improvement district fund, ~~annually~~ on each interest payment date, the interest on all outstanding warrants ~~(or bonds)~~ on presentation of the coupons belonging thereto, or otherwise then payable and ~~any~~ the principal, if any, then payable on the warrants or bonds. Any funds remaining in the ~~proper~~ fund shall be applied to ~~the payment of the principal and~~ the redemption of the warrants ~~(or bonds)~~ in order of their

registration as provided in subsection (2).

(2) ~~Such~~ Special improvement district warrants ~~(or bonds)~~ shall be redeemed ~~by the county treasurer when there are funds available therefor in the special improvement district fund against which said warrants (or bonds) are issued. Whenever there are any funds in any special improvement district fund after paying the interest on such warrants (or bonds) drawn against said fund, the county treasurer shall call in for payment outstanding warrants (or bonds) which, together with the interest thereon to the date of redemption, will equal the amount of said fund on that date,~~ on any interest payment date from the proceeds of the bonds or warrants remaining after payment of all costs of the improvements, as provided in 7-12-2173, or from the prepayment of assessments levied in the district. Special improvement district bonds or warrants are subject to redemption and prepayment at the option of the county on any interest payment date ~~after one-half of the term for which they were issued has expired AFTER ONE-THIRD OF THE TERM FOR WHICH THEY WERE ISSUED HAS EXPIRED.~~

(3) The date of redemption shall be fixed by the county treasurer and shall not be less than 10 days after the date of publication or of ~~service~~ mailing of notice. The county treasurer shall give ~~notice by publication once in a newspaper published in the city or, at the option of the~~

county treasurer, by written notice to the holders of such the warrants (or bonds) to be redeemed, if their addresses be are known, of the number of warrants (or bonds) to be redeemed and the date on which payment will be made. If the addresses of the holders of all bonds or warrants to be redeemed are not known, the county treasurer shall publish notice of redemption once in a newspaper published in the county. On the date fixed for redemption interest shall cease."

Section 25. Section 7-12-2182, MCA, is amended to read:

"7-12-2182. Sources of money for revolving fund. (1) For the purpose of providing funds for such revolving fund, the board of county commissioners:

(a) may, in its discretion and from time to time, transfer to the revolving fund from the general fund of the county such amount or amounts as may be deemed necessary, which amount or amounts so transferred shall be considered and shall be loans from such general fund to the revolving fund; and

(b) shall, in addition to such transfer or transfers from the general fund or in lieu thereof, levy and collect for such revolving fund such a tax, hereby declared to be for a public purpose, on all the taxable property in such county as shall be necessary to meet the financial

requirements of such fund. However, a tax may not be levied if the balance in the revolving fund exceeds 5% 15% of the principal amount of the then outstanding rural special improvement district bonds and warrants secured thereby. If a tax is levied, the tax may not be an amount that would increase the balance in the revolving fund above 5% 15% of the then outstanding rural special improvement district bonds and warrants secured thereby.

(2) Whenever there shall be money in the district fund which is not required for payment of any bond or warrant of such district secured by the revolving fund or of interest thereon, so much of such money as may be necessary to pay the loan provided for in 7-12-2183 shall, by order of the board, be transferred to the revolving fund. After all the bonds and warrants secured by the revolving fund issued on any rural special improvement district have been fully paid, all money remaining in such district fund shall by the order of the board be transferred to and become part of the revolving fund."

Section 26. Section 7-12-2186, MCA, is amended to read:

"7-12-2186. Utilization of excess money in revolving fund. Whenever there is in the revolving fund an amount in excess of 5% 15% of the then outstanding rural special improvement district bonds and warrants secured thereby and

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the board considers any part of the excess to be greater than the amount necessary for payment or redemption of maturing bonds or warrants secured thereby or interest thereon, the board may order the amount the board considers greater than the amount necessary or any part thereof:

(1) transferred to the general fund of the county, if approved by a unanimous vote of the board at a meeting called for that purpose; or

(2) if there are outstanding special improvement district bonds or warrants of the county, applied to the purchase of property:

(a) that is being sold because of delinquent taxes or assessments, or both; and

(b) that has against it unpaid assessments for special improvements."

NEW SECTION. Section 25. Sale of tax certificates -- proceeds. (1) The board may sell any tax certificates issued on any sale or sales referred to in 7-12-2186. After acquiring title to property referred to in 7-12-21 , the county may lease such property or sell it at public or private sale and make conveyance thereof, or the board may otherwise dispose of it as the interest of the county may require.

(2) All proceeds from such sales of tax certificates and from such leasing, sale, or other disposition of the

property must be paid into the revolving fund and is subject to transfer in whole or in part to the general fund by a unanimous vote of all the members of the board at a meeting called for that purpose.

NEW SECTION. Section 25. Refunding bonds. (1) A county may issue special improvement district bonds for the purpose of providing the money needed to pay principal of and interest on outstanding special improvement district bonds. To issue bonds for such purpose, the board of county commissioners, at a regular meeting or a duly called special meeting, shall adopt a resolution setting forth:

(a) the facts regarding the outstanding bonds that are to be refunded;

(b) the reasons for issuing refunding bonds; and

(c) the term and details of the refunding bonds.

(2) If the refunding bonds are proposed to be issued in an amount greater than the amount of outstanding bonds to be refunded, the board may not authorize the issuance of such bonds until it has conducted a public hearing on the desirability of issuing the bonds, after published and mailed notice as provided in 7-12-2105(2), and found by resolution that such an issuance of refunding bonds is in the best interest of the special improvement district.

(3) After the adoption of the required resolution or resolutions, the board may:

(a) sell the refunding bonds at a private negotiated sale; or

(b) at its option, give notice of the sale and sell the refunding bonds in the same manner that other special improvement district bonds are sold.

(4) Bonds may not be refunded by the issuance of refunding bonds unless the rate of interest offered on the refunding bonds is at least 1/2 of 1% a year less than the rate of interest on the bonds to be refunded.

(5) (a) Refunding bonds issued pursuant to this section may be issued to refund outstanding bonds in advance of the date on which such bonds mature or are subject to redemption, but the proceeds of the refunding bonds, less any accrued interest or premium received upon the sale thereof, must be deposited with other funds appropriated for the payment of the outstanding bonds in escrow with a suitable banking institution or trust company, which may be located either in or out of the state.

(b) Funds so deposited must be invested in securities that are general obligations of the United States or securities the principal of and interest on which are guaranteed by the United States. Such securities must mature or be callable at the option of the holder on such dates and bear interest at such rates and be payable on such dates as may be required to provide funds sufficient, with any cash

deposited in the escrow account, to pay when due:

(i) the interest to accrue on each refunded bond to its maturity or redemption date, if called for redemption;

(ii) the principal on each refunded bond at maturity or upon such redemption date; and

(iii) any redemption premium.

(c) The escrow account must be irrevocably appropriated to the payment of the principal of an interest and redemption premium, if any, on the refunded bonds.

(d) Funds to the credit of the debt service fund for the payment of the refunded bonds and not required for the payment of principal thereof or interest thereon due prior to issuance of the refunding bonds may be appropriated by the board to the escrow account.

(e) The county may pay the reasonable costs and expenses of issuing the refunding bonds and of establishing and maintaining the escrow account.

(6) Refunding bonds may be issued under this section to pay principal of or interest on special improvement district bonds outstanding on [the effective date of this act] only if:

(a) ~~one-half~~ ONE-THIRD or more of the term for which such bonds were issued has expired; or

(b) there is a deficiency in the bond account or interest account of the special improvement district fund

from which such bonds are payable.

Section 26. Section 7-12-4101, MCA, is amended to read:

"7-12-4101. Definitions. Unless the context indicates otherwise, as used in this part and part 42, the following definitions apply:

(1) "Blocks" means blocks, whether regular or irregular, that are bounded by main streets or by main streets and a boundary line of the city.

(2) "City" or "municipality" means all corporations organized for municipal purposes.

(3) "City clerk" or "clerk" means any person or officer who is clerk of the council.

(4) "City council" means any body or board that is the legislative department of the government of the city.

(5) "City engineer" means any person or officer who is responsible for the maintenance and improvement of the streets in a city.

(6) "City treasurer" means any person who under whatever name or title, is the custodian of the funds of the municipality.

(7) "Incidental expenses" means:

(a) the compensation of the city engineer for work done by him;

(b) the cost of printing and advertising as provide

in this part and part 42;

(c) the compensation of persons appointed by the city engineer to take charge of and superintend any of the work mentioned in this part;

(d) the expenses of making the assessment for any work authorized by this part;

(e) interest on warrants of the city issued to pay costs of improvements;

(f) costs of issuance of bonds or warrants of the special improvement district, including costs of printing the bonds, bond registration fees, attorneys' and financial consultants' fees, a premium for bond insurance, and any price paid by the original purchaser of the bonds that is less than the face amount thereof;

(g) interest to accrue on bonds or warrants of the special improvement district before assessments levied in the district are collected in amounts and at times sufficient to pay such interest; and

(h) a reasonable administrative fee payable to the city for the creation and administration of the district by the city, its officers, and employees.

(8) "Main street" means such actually opened street as bounds a block.

(9) "Paved" or "repaved" means pavement of stone (whether paving blocks or macadam), of bituminous rock or

asphalt, or of wood, brick, or other material (whether patented or not) which the city council adopts by ordinance or resolution.

(10) "Quarter-block", when used in reference to irregular blocks, means all lots or portions of lots having any frontage on either of two intersecting streets halfway from the intersection to the next main street or, when no main street intervenes, all the way to a boundary line of the city.

(11) "Street" means avenues, highways, lanes, alleys, crossings or intersections, courts, and places which have been dedicated and accepted according to the law or in common and undisputed use by the public for a period of not less than 5 years.

(12) "Street intersection" means that parcel of land at the point of juncture or crossing of intersecting streets which lies between lines drawn from corner to corner of all lot lines immediately cornering at such juncture.

(13) "Work", "improved", or "improvement" means all work or the securing of property mentioned in this part and part 42 and also the construction, reconstruction, and repair of all or any portion of work."

Section 27. Section 7-12-4102, MCA, is amended to read:

"7-12-4102. Authorization for creation of special

improvement districts. (1) The city or town council has power to create special improvement districts, designating the same by number; to extend the time for payment of assessments levied upon such districts for the improvements thereon for a period not exceeding 20 years; to make such assessments payable in installments; and to pay all expenses of whatever character incurred in making such improvements with special improvement warrants or bonds.

(2) Whenever the public interest or convenience may require, the city council is hereby authorized and empowered to:

(a) create special improvement districts for acquiring by purchase, building, constructing, and or maintaining devices intended to protect the safety of the public from open ditches carrying irrigation or other water;

(b) create special improvement districts for acquiring by purchase or building and constructing municipal swimming pools and other recreation facilities;

(c) create special improvement districts and order the whole or any portion or portions, either in length or width, of any one or more of the streets, avenues, alleys, or places or public ways of any such city:

(i) graded or regraded to the official grade;

(ii) planked or replanked;

(iii) paved or repaved;

(iv) macadamized or remacadamized;

(v) graveled or regraveled;

(vi) piled or repiled;

(vii) capped or recapped;

(viii) surfaced or resurfaced;

(ix) oiled or reoiled;

(d) create special improvement districts and order the acquisition, construction, or reconstruction therein of:

(i) sidewalks, crosswalks, culverts, bridges, gutters, curbs, steps, parkings (including the planting of grassplots and setting out of trees);

(ii) sewers, ditches, drains, conduits, and channels for sanitary and/or drainage purposes, with outlets, cesspools, manholes, catchbasins, flush tanks, septic tanks, connecting sewers, ditches, drains, conduits, channels, and other appurtenances;

(iii) waterworks, water mains, and extensions of water mains;

(iv) pipes, hydrants, hose connections for irrigating purposes;

(v) appliances for fire protection;

(vi) tunnels, viaducts, conduits, subways, breakwaters, levees, retaining walls, bulkheads, and walls of rock or other material to protect the same from overflow or injury by water;

(vii) the opening of streets, avenues, and alleys and the planting of trees thereon;

(e) create special improvement districts and order the construction or reconstruction in, over, or through property or rights-of-way owned by such city of:

(i) tunnels, sewers, ditches, drains, conduits, and channels for sanitary and/or drainage purposes, with necessary outlets, cesspools, manholes, catchbasins, flush tanks, septic tanks, connection sewers, ditches, drains, conduits, channels, and other appurtenances;

(ii) pipes, hose connections for irrigating; hydrants and appliances for fire protection;

(iii) breakwaters, levees, retaining walls, and bulkheads; and

(iv) walls of rock or other material to protect the streets, avenues, lanes, alleys, courts, places, public ways, and other property in any such city from overflow by water;

(f) create special improvement districts and order any work to be done which shall be deemed necessary to improve the whole or any portion of such streets, avenues, sidewalks, alleys, places, or public ways, property, or right-of-way of such city; and

(g) maintain, preserve, and care for any and all of the improvements herein mentioned.

(3) The city governing body may order and create special improvement districts covering projects abutting the city limits and include properties outside the city where the special improvement district abuts and benefits that property. Property owners within the proposed district boundaries outside the city may not be included in the special improvement district ~~only~~ if ~~60%~~ 40% of those property owners ~~approve~~ protest the creation of the special improvement district. The property outside the city must be treated in a similar manner as to improvements, notices, and assessments as the property inside the city limits. A joint resolution of the city and county must be passed agreeing to the terms of the special improvement district prior to passing the resolution of intention or the resolution creating the special improvement district. A copy of the resolution of intention and the resolution creating the special improvement district must be provided to the county commissioners upon the passage of the respective resolutions."

Section 28. Section 7-12-4104, MCA, is amended to read:

"7-12-4104. Resolution of intention to create special improvement district. (1) Before creating any special improvement district for the purpose of making any of the improvements or acquiring any private property for any

purpose authorized by this part, the city council shall pass a resolution of intention to do so.

(2) The resolution shall:

(a) designate the number of such district~~,~~;

(b) describe the boundaries thereof~~, and~~;

(c) state therein the general character of the improvement or improvements which are to be made and an approximate estimate of the cost thereof; and

(d) specify the method or methods by which the costs of the improvements will be assessed against property in the district.

(3) When any improvement is to be made in paving, the city or town council may, in describing the general character of ~~the same~~ it in the resolution, describe several kinds of paving."

Section 29. Section 7-12-4106, MCA, is amended to read:

"7-12-4106. Notice of passage of resolution of intention. (1) Upon having passed such resolution, the council must give notice of the passage of such resolution of intention.

(2) The notice must be published for 5 days in a daily newspaper or in some one issue of a weekly paper published in the city or town or, in case no newspaper be published in such city, then by posting for 5 days in three public places

in the city or town. A copy of such notice shall be mailed to every person, firm, or corporation or the agent of such person, firm, or corporation having real property within the proposed district listed in his name upon the last completed assessment roll for state, county, and school district taxes, at his last-known address, upon the same day such notice is first published or posted.

(3) Such notice must describe the general character of the improvement or the improvements so proposed to be made, state the estimated cost thereof, describe generally the method or methods by which the costs of the improvements will be assessed, and designate the time when and the place where the council will hear and pass upon all written protests that may be made against the making or acquisition of such improvements or the creation of such district. ~~Said~~ The notice shall refer to the resolution on file in the office of the city clerk for the description of the boundaries. If the proposal is for the purchase of an existing improvement, the notice must state the exact purchase price of the existing improvement."

Section 30. Section 7-12-4109, MCA, is amended to read:

"7-12-4109. Extension of proposed district. The city council may charge the expenses of the work or improvement to ~~an--extended--district--that--may-include-other~~ lots no

fronting on the improvement and which the council in its resolution of intention declares to be, together with the lots abutting the improvement, the ~~district~~ property benefited by the work or improvements whenever:

(1) the contemplated work of improvement, in the opinion of the council, is of more than local or ordinary public benefit; or

(2) the total estimated costs and expenses thereof, according to estimates furnished by the city engineer, would exceed one-fifth of the total taxable value of the lots and lands fronting upon said proposed work or improvement according to the valuation fixed by the last assessment roll."

Section 31. Section 7-12-4110, MCA, is amended to read:

"7-12-4110. Protest against proposed work or district. (1) At any time within 15 days after the date of the first publication of the notice of the passage of the resolution of intention, any owner of property liable to be assessed for said work may make written protest against the proposed work or against the extent or creation of the district to be assessed or both.

(2) Such protest must be in writing ~~and~~, identify the property in the district owned by the protestor, and be signed by all the owners of the property. The protest must

be delivered to the clerk of the city or town council or commission not later than 5 p.m. of the last day within said 15-day period. Said clerk shall endorse thereon the date and hour of its receipt by him."

Section 32. Section 7-12-4113, MCA, is amended to read:

"7-12-4113. Sufficient protest to bar proceedings -- exceptions. (1) Except as provided in subsections (2) and (3), no further proceedings shall be taken for a period of 6 months from the date when said ~~sufficient~~ protest shall have been received by said clerk of the city or town council or commission when ~~the protest is against the proposed work~~ and:

(a) ~~the cost thereof is to be assessed against property fronting thereon and~~ the council or commission finds that such protest is made by the owners of property in the district to be assessed for more than 50% of the ~~property fronting on~~ cost of the proposed work, in accordance with the method or methods of assessment described in the resolution of intention; or

(b) the cost thereof is to be assessed upon the property within an extended district and the council or commission finds that such protest is made by the owners of more than 50% of the area of the property to be assessed for said improvements.

(2) The council or commission shall have the right to overrule any and all objections and pave the proposed block with gravel and oil surface when the improvement proposed is the paving, with necessary incidentals, of not more than one cross block to connect with streets or avenues already paved for a continuous distance of three blocks or more running at a right angle (or substantially so) with the single cross block so proposed to be paved.

(3) In case the improvement is the construction of a sanitary sewer, such protest may be overruled by an affirmative vote of a majority of the members of the council or commission unless such protest is made by the owners of property in the district to be assessed for more than 75% of the ~~property affected, as herein provided~~ cost of the district, in accordance with the methods of assessment described in the resolution of intention, in which event the protest must be sustained as to the construction of such sanitary sewer."

Section 33. Section 7-12-4123, MCA, is amended to read:

"7-12-4123. Manner of making demands for incidental expenses. All demands for incidental expenses mentioned in 7-12-4101(7), except the administrative fee of the city and interest payable on warrants or bonds of the district, shall be presented to the city clerk by itemized bill, duly

verified by oath of the demandant."

Section 34. Section 7-12-4145, MCA, is amended to read:

"7-12-4145. Procedure for dealing with bid securities. (1) If bids are rejected, the city council shall thereupon return to the proper parties the bid securities corresponding to the bids so rejected.

(2) The bid securities accompanying such accepted proposals or bids shall be held by the city clerk of said city until the contract for doing said work, as hereinafter provided, has been entered into either by said lowest bidder or by the owners of over ~~50%~~ 75% of the frontage, whereupon said bid security shall be returned to said bidder.

(3) If said bidder fails, neglects, or refuses to enter into the contract to perform said work or improvements as hereinafter provided, then the bid securities accompanying his bid and the amount therein mentioned shall be declared to be forfeited to said city and shall be collected by it and paid into the general fund."

NEW SECTION. Section 35. Purchase of existing improvement. If the proposed improvement consists of the purchase of an existing improvement, the city council may, after the creation of the special improvement district and after ordering the proposed improvement, enter into a contract for the purchase of the improvement, upon such

terms as it considers just, without advertising for bids or proposals. However, the total purchase price of the existing improvement may not exceed the amount set forth in the notice required by 7-12-4106.

Section 36. Section 7-12-4161, MCA, is amended to read:

"7-12-4161. Choice in manner of assessing costs. (1) Except as provided in subsection (2), to defray the cost of ~~the~~ making ~~of~~ or acquiring any of the improvements provided for in this part, including incidental expenses, the city council or commission shall adopt one of the methods of assessment, where applicable, provided in 7-12-4162 through 7-12-4165 ~~or [section 44 42]~~ for each improvement to be made or acquired for the benefit of the district.

(2) ~~The method of assessment provided for in 7-12-4163 shall not apply to assessments in improvement districts created under the provisions of 7-12-4109.~~ The city council may use one or any combination of methods of assessment in a single special improvement district, and if more than one improvement is undertaken, each lot or parcel of land in the district need not be assessed for the cost of all the improvements."

Section 37. Section 7-12-4162, MCA, is amended to read:

"7-12-4162. Assessment of costs -- area option. (1)

The city council or commission shall assess the entire cost of ~~such--improvements~~ an improvement against benefited property in the ~~entire~~ district, each lot or parcel of land assessed within such district to be assessed for that part of the whole cost which its assessable area bears to the assessable area of all benefited lots or parcels in the ~~entire~~ district, exclusive of streets, avenues, alleys, and public places. For the purposes of this subsection, "assessable area" means an area of a lot or parcel of land representing the benefit conferred on the lot or parcel by the improvement. Assessable area may be less than but may not exceed the actual area of the lot or parcel.

(2) The council or commission, in its discretion, shall have the power to pay the whole or any part of the cost of any street, avenue, or alley intersection out of any funds in its hands available for that purpose or to include the whole or any part of such costs within the amount of the assessment to be paid by the benefited property in the district.

(3) In order to equitably apportion the cost of any of the improvements herein provided for between that land within the district which lies within 25 feet of the line of the street on which the improvement is to be made and all other benefited land within the district, the council or commission may, in the resolution creating any improvement

district, provide that the amount of the assessment against the property in such district to defray the cost of such improvements shall be so assessed that each square foot of land within the district lying within 25 feet of the line of the street on which the improvements therein provided for are made shall bear double the amount of cost of such improvements per square foot of such land that each square foot of any other benefited land within the district shall bear."

Section 38. Section 7-12-4163, MCA, is amended to read:

"7-12-4163. Assessment of costs -- frontage option. (1) The city council or commission shall assess the cost of ~~such-improvements~~ an improvement against benefited lots or parcels in the ~~entire~~ district, each lot or parcel of land within such district bordering or abutting upon a street or streets whereon or wherein the improvement has been made to be assessed in proportion to the lineal feet abutting or bordering the same.

(2) The council or commission, in its discretion, shall have the power to pay the whole or any part of the cost of any street, avenue, or alley intersections out of any funds in its hands available for that purpose or to include the whole or any part of such costs within the amount of the assessment to be paid by the benefited

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property in the district."

Section 39. Section 7-12-4164, MCA, is amended to read:

"7-12-4164. Assessment of costs -- ~~combined area-frontage~~ utility service connections -- option. ~~Where curbs, gutters, alley approaches, streets, crossings, and utility service connections are an integral part of the creation of storm sewer districts, sanitary sewer districts, or street pavement districts,~~ the city council or commission may assess ~~a portion of the improvements upon the area basis as set forth under 7-12-4162, other portions of the improvements upon a lineal feet basis as set forth under 7-12-4163, and~~ utility service connections upon a lump sum based on the bid price in the improvement district contract and ~~assessed~~ assess only ~~against~~ the lots, tracts, or parcels of land served by the utility connection or connections, ~~all~~ within the ~~same~~ special improvement district, so long as such assessment is equitable."

Section 40. Section 7-12-4165, MCA, is amended to read:

"7-12-4165. Assessment of costs -- offstreet parking option. (1) When the purpose of the assessment is for the establishment and/or improvement of offstreet parking as provided in this section, the city council or commission shall assess, against the real property specially

benefited by the offstreet parking facilities, the cost of the developments involved in proportion to the benefits received by each benefited tract of land within said district.

(2) In determining the benefit to be received by each parcel of land, the council or commission shall consider:

(a) the relative distance of the parking facility from each parcel of land within the area of the special improvement district;

(b) the relative needs of parking spaces for each parcel of land located within the boundaries of said district, either as established by the city zoning ordinance, if any, or otherwise, with relation to the use of said parcel;

(c) the assessed value of each parcel within said district;

(d) the square footage of each parcel within said district as it relates to the whole;

(e) the square footage of floorspace in any improvements on the parcel and the various uses of such floorspace;

(f) the availability of existing on-site parking space on any parcel of land within the district."

~~NEW SECTION. Section 42. Other equitable methods of assessment. The city council may assess the cost of an~~

~~improvement--against-benefited-lots,-tracts,-or-parcels-in-a special-improvement-district-on--the--basis--of--such--other method-as-it-determines-to-be-equitable-in-proportion-to-the benefits--received--by--the--lot,--tract,-or-parcel-from-the improvement.~~

Section 41. Section 7-12-4169, MCA, is amended to read:

"7-12-4169. Incidental expenses considered as cost of improvements. (1) The costs and expenses connected with and incidental to the formation of any special improvement district, including costs of preparation of plans, specifications, maps, and plats; engineering, superintendence, and inspection; ~~and~~ preparation of assessment rolls; and the other incidental expenses described in 7-12-4101(7) shall be considered a part of the cost and expenses of making the improvements within such special improvement district.

(2) The costs of any improvement may, at the option of the municipal governing body, include an amount not to exceed 5% of the principal amount of any bonds or warrants to be issued, which shall be deposited in the revolving fund created in 7-12-4221."

Section 42. Section 7-12-4176, MCA, is amended to read:

"7-12-4176. Resolution for tax levy upon district

property. (1) To defray the cost of making or acquiring improvements in any special improvement district or of acquiring property for opening, widening, or extending any street or alley or to defray the cost and expense of changing any grade of any street, avenue, or alley, the city council shall by resolution levy and assess a tax upon all benefited property in any district created for such purpose, using for a basis for assessment ~~one--of~~ the method or methods set forth in 7-12-4161 through 7-12-4165 ~~or-[section 44 42]~~ and described in the resolution of intention.

(2) Such resolutions shall contain a description of each lot and parcel of land, with the name of the owner, if known, the amount of each partial payment to be made, and the day when the same shall become delinquent.

(3) Such resolution, signed by the mayor and clerk, shall be kept on file in the office of the city clerk."

Section 43. Section 7-12-4177, MCA, is amended to read:

"7-12-4177. Notice of resolution for tax levy -- protest and hearing. (1) A notice signed by the city clerk, stating that the resolution levying the special assessment to defray the cost of such improvements is on file in his office and subject to inspection for a period of 5 10 days, shall be:

(a) published at least once in a newspaper published

in the city or town~~.~~;

(b) mailed to the owner of each lot, tract, or parcel of land to be assessed (such lands must be identified and the mailing address determined from the last completed assessment roll for state, county, and school district taxes); and

(c) mailed to such other persons known to the clerk to have an ownership interest in the property.

(2) Such notice shall state the time and place at which objections to the final adoption of such resolution will be heard by the council. The time for such hearing shall not be less than 5 10 days after the publication and mailing of such notice."

Section 44. Section 7-12-4179, MCA, is amended to read:

"7-12-4179. Payment of maintenance costs -- resolution for assessment. (1) The cost of maintaining each of the improvements shall be paid by assessing the benefited properties of the ~~entire~~ district under a pe· issible assessment option as provided in 7-12-4162 through 7-12-4165 ~~and-[section~~ 44 ~~42]~~.

(2) It is the duty of the council to estimate, as nearly as practicable, the cost of maintaining the improvements in each district for the season. Before the first Monday in September of each year, the council shall

pass and finally adopt a resolution levying and assessing all the property within the several districts with an amount equal to the whole cost of maintaining the improvements within the several districts.

(3) The resolution levying assessments to defray the cost of maintenance of the improvement shall be prepared and certified in the same manner as a resolution levying assessments for making improvements in the special improvement district.

(4) The council may change by resolution, not more than once a year, the boundaries of any maintenance district, but the change of boundaries may not affect indebtedness existing at the time of the change."

Section 45. Section 7-12-4188, MCA, is amended to read:

"7-12-4188. Due date for district assessments. (1) All special assessments or installments of special assessments in cities and towns, duly and regularly levied by resolution according to law, shall be payable in installments as follows:

(a) one-half of the payment on or before 5 p.m. on November 30 of each year ~~except-as-provided-in-subsection [2]~~; and

~~[2]~~(b) ~~The--governing--body--of--a--municipality---may provide--by--resolution--that~~ one-half of the payment on

~~special-assessments-or-installments-of--special--assessments may--be-deferred-to-no-later-than~~ or before 5 p.m. on May 31 of the following year.

~~(3)~~(2) In the event the same are not paid on or before said ~~date~~ dates, the same shall be subject to the same interest and penalties for nonpayment as delinquent property taxes under 15-16-102."

Section 46. Section 7-12-4189, MCA, is amended to read:

"7-12-4189. Simple interest on assessments. (1) Upon all special assessments and taxes levied and assessed in accordance with any of the provisions of this part, simple interest shall be charged at an annual rate not exceeding the sum of 1/2 of 1% a year plus the average interest rate payable on the outstanding bonds or warrants of the special improvement district.

(2) The treasurer, in collecting such special assessment taxes if the same are payable in one installment, shall collect such interest as may be shown to be due thereon by the resolution levying such assessment. If such assessment be payable in installments, the treasurer shall, at the time of collecting the first installment, collect such interest as may be shown to be due on such assessment by the resolution levying such assessment, and thereafter he shall collect with each subsequent installment interest on

the whole amount remaining unpaid."

Section 47. Section 7-12-4190, MCA, is amended to read:

"7-12-4190. Payment of assessments in installments. (1) The payment of assessments to defray the cost of acquiring or constructing any improvements in special improvement districts may be spread over a term of not to exceed 20 years~~--payments--to--be--made--in--equal--annual installments~~.

(2) If the bonds of the special improvement district are issued as serial bonds, the assessments must be payable in equal annual installments. If the bonds are issued as amortization bonds, the assessments must be payable in equal annual installments of principal and interest, each in the amount required to pay the principal over the term of payment, with interest at the rate then borne by the assessment.

(3) Any assessment that is not delinquent may be prepaid, in whole but not in part, at any time after the assessment is levied, by the payment of the assessment, with interest accrued and to accrue thereon through the next date on which interest on bonds of the special improvement district is payable."

NEW SECTION. Section 48. Change in outstanding principal of district -- relevy of assessments. If proceeds

of the bonds or warrants of the special improvement district, including investment income thereon, are applied to the redemption and prepayment of such bonds or warrants, as provided in 7-12-4205 and 7-12-4206, or if refunding bonds are issued pursuant to [section 61 58] and the principal amount of the outstanding bonds of the district is decreased or increased, the assessments levied in the district and then outstanding must be reduced or increased, respectively, pro rata by the principal amount of such prepayment or the increment above or below the outstanding principal amount of bonds represented by the refunding bonds. The city council shall reassess and relevy such assessments, with the same effect as an original levy, in such reduced or increased amounts in accordance with the provisions of 7-12-4176 through 7-12-4178.

Section 49. Section 7-12-4201, MCA, is amended to read:

"7-12-4201. Use of bonds and warrants. All costs and expenses incurred in the acquisition or constructio of any improvements specified in part 41 in any improvement district or incurred in the issuance of the bonds or warrants of the district, including incidental expenses, shall be paid for by special improvement district bonds or warrants. The city or town council shall provide for making payments for improvements in any special improvement

district by the method provided in 7-12-4204 and 7-12-4205."

Section 50. Section 7-12-4203, MCA, is amended to read:

"7-12-4203. Details relating to special improvement district bonds and warrants. (1) The bonds and warrants shall be drawn against the special improvement district fund created for the district and shall bear interest from the date of registration until called for redemption or paid in full. The interest shall be payable annually or semiannually, at the discretion of the governing body of the municipality, on such dates as the governing body prescribes. Such warrants ~~for bonds~~ shall bear the signatures of the mayor and clerk and shall bear the corporate seal of the city. They shall be registered in the office of the clerk and treasurer, and if interest coupons be attached thereto, they shall also be so registered and shall bear the signatures of the mayor and clerk.

(2) Said bonds shall be in denominations of $100 or fractions or multiples thereof, may be issued in installments, and may extend over a period not to exceed 20 years.

(3) All special improvement district bonds must be amortization bonds unless, in the judgment of the city council, serial bonds will be more advantageous to the district and can be sold at a comparatively reasonable rate

or rates of interest."

NEW SECTION. Section 51. Definition of forms of bonds. As used in part 41 and this part, unless the context clearly indicates otherwise, the following definitions apply:

(1) "Amortization bonds" means the form of bonds on which:

(a) a part of the principal must be paid each time interest becomes payable;

(b) the part payment of principal increases at each installment in the same amount that the interest decreases;

(c) the combined interest and principal due on each due date remains the same until the bonds are paid;

(d) the final payment may vary from prior payments in the amount resulting from disregarding fractional costs in prior payments; and

(e) the initial payment may be larger than subsequent payments if such increase represents interest accrued over an additional period not greater than 6 months.

(2) "Serial bonds" means the form of bonds that are payable in annual installments and on which the amount maturing each year may not be more than three times the principal amount of bonds maturing in any previous year.

Section 52. Section 7-12-4204, MCA, is amended to read:

"7-12-4204. Procedure to issue bonds and warrants. (1) The city or town council shall sell bonds or warrants issued under the provisions of 7-12-4201, in an amount sufficient to pay that part of the total cost and expense of ~~making~~ the ~~improvement~~ improvements which is to be assessed against ~~the~~ benefited property within the district, to the highest and best bidder therefor for cash ~~and for not less than the face value of such bonds or warrants,~~ at a price, including interest thereon, to date of delivery, not less than that prescribed by the city council in the resolution calling for the sale of the bonds or warrants. The city council may fix the minimum price for the bonds or warrants in an amount less than the face value thereof if it determines that such sale is in the best interests of the district and the city.

(2) The bonds or warrants may be sold at a private negotiated sale to the United States or the state of Montana, or an agency, instrumentality, corporation, or department thereof.

~~(2)~~(3) ~~The~~ In all other cases, the provisions of 7-7-4251 through 7-7-4254 with regard to the notice of sale, publication of notice, and manner and method of selling bonds by cities and towns, insofar as the same are applicable thereto and not in conflict with the provisions of this section and 7-12-4205, shall apply to, govern, and control the form of notice of sale, publication of notice,

and manner and method of selling such bonds or warrants."

NEW SECTION. Section 53. Pooling of bonds of districts in city. (1) If the city council determines by resolution that the pooling of bonds of more than one special improvement district of the city is in the best interest of the city and the respective districts and will facilitate the sale of the bonds under more advantageous terms or with lower interest rates, the city may issue bonds of the districts combined in a single offering. Such bonds must be secured by the special improvement district revolving fund of the city.

(2) The title of the bonds issued pursuant to this section shall denote that bonds of different special improvement districts have been pooled and shall refer to the numbers of the districts. The bonds must be drawn against a sinking fund that has separate accounts for each special improvement district combined for financing purposes, into which accounts must be payable the assessments levied in each of the districts.

Section 54. Section 7-12-4205, MCA, is amended to read:

"7-12-4205. Disposition of bond or warrant proceeds. (1) The city or town council shall use the proceeds of such sale in making payment ~~to-the-contractor-or-contractors~~ for the cost of the improvements. ~~Such-payment~~ Payments to

contractors may be made either from time to time, on estimates made by the engineer in charge of such improvements for the city or town, or upon the entire completion of the improvements and the acceptance thereof by the city or town council.

(2) ~~All~~ During the construction of the improvements, all interest earned on the investment of bond or warrant proceeds must be credited to the construction account of the improvement district fund from which the proceeds were withdrawn.

(3) Any proceeds of the bonds or warrants, including investment income thereon, remaining after payment of all costs of the improvements must be transferred to the sinking fund in the improvement district fund and applied, to the extent possible, to the prepayment and redemption of bonds or warrants on the next succeeding redemption date for which notice of redemption may properly be given."

Section 55. Section 7-12-4206, MCA, is amended to read:

"7-12-4206. Redemption of bonds and warrants. (1) ~~The~~ Special improvement district warrants or bonds shall be redeemed ~~by-the-treasurer-when-there-is-money-in-the-special-improvement--district--fund--against--which--the-warrants-or-bonds-are-drawn,-on-presentation-of--the--coupons--belonging-thereto,--and--any--money--remaining-shall-be-applied-to-the~~

payment of the principal and the redemption of the warrants or bonds in the order of their registration. on any interest payment date from the proceeds of the bonds or warrants remaining after payment of all costs of the improvements, as provided in 7-12-4205, or from the prepayment of assessments levied in the district. Special improvement district bonds or warrants are subject to redemption and prepayment at the option of the city, in order of registration, on any interest payment date after one-half of the term for which they were issued has expired AFTER ONE-THIRD OF THE TERM FOR WHICH THEY WERE ISSUED HAS EXPIRED.

(2) Whenever there is any money in any special improvement district fund after paying the interest on the warrants or bonds drawn against the fund, the treasurer shall call in for payment outstanding warrants or bonds which, together with the interest thereon to the date of redemption, will equal the amount of the fund on that date. The date of redemption shall be fixed by the treasurer and may not be less than 10 days after the date of publication or of service mailing of notice, and on the date so fixed, interest ceases. The treasurer shall give notice by publication once in a newspaper published in the city or, at the option of the treasurer, by written notice to the holders of the warrants or bonds to be redeemed, if their addresses are known, of the number of warrants or bonds to

be redeemed and the date on which payment will be made. If the addresses of the holders of all bonds or warrants to be redeemed are not known, the treasurer shall publish notice of redemption once in a newspaper published in the city."

Section 60. Section 7-12-4222, MCA, is amended to read:

"7-12-4222. Sources of money for revolving fund. (1) For the purpose of providing funds for such revolving fund, the city or town council:

(a) (i) may, in its discretion and from time to time, transfer to the revolving fund from the general fund of the city or town such amount or amounts as may be deemed necessary, which amount or amounts so transferred shall be deemed and considered and shall be loans from such general fund to the revolving fund; and

(ii) may include in the cost of the improvement to be defrayed from the proceeds of the bonds or warrants an amount up to 5% 15% of the principal amount of the bonds or warrants and deposit it in the revolving fund upon receipt of such proceeds; and

(b) shall, in addition to such transfer or transfers from the general fund or in lieu thereof, levy and collect for such revolving fund such a tax, hereby declared to be for a public purpose, on all the taxable property in such city or town as shall be necessary to meet the financial

~~requirements of such fund. However, a tax may not be levied if the balance in the revolving fund exceeds 5%~~ 15% of the principal amount of the then outstanding special improvement district bonds and warrants secured thereby. ~~If a tax is levied, the tax may not be an amount that would increase the balance in the revolving fund above 5%~~ 15% of the then outstanding special improvement district bonds and warrants secured thereby.

~~(2) Whenever there shall be money in the district fund which is not required for payment of any bond or warrant of such district secured by the revolving fund or of interest thereon, so much of such money as may be necessary to pay the loan provided for in 7-12-4223 shall by order of the council be transferred to the revolving fund. After all the bonds and warrants issued on any special improvement district or sidewalk, curb, and alley approach warrants secured by the revolving fund have been fully paid, all money remaining in such district fund shall by order of the council be transferred to and become part of the revolving fund.~~"

NEW SECTION. Section 56. Refunding bonds. (1) A city may issue special improvement district bonds for the purpose of providing the money needed to pay principal of and interest on outstanding special improvement district bonds. To issue bonds for such purpose, the city council, at a

regular meeting or a duly called special meeting, shall adopt a resolution setting forth:

(a) the facts regarding the outstanding bonds that are to be refunded;

(b) the reasons for issuing refunding bonds; and

(c) the term and details of the refunding bonds.

(2) If the refunding bonds are proposed to be issued in an amount greater than the amount of outstanding bonds to be refunded, the city council may not authorize the issuance of such bonds until it has conducted a public hearing on the desirability of issuing the bonds, after published and mailed notice as provided in 7-12-4106(2), and found by resolution that such an issuance of refunding bonds is in the best interest of the special improvement district.

(3) After the adoption of the required resolution or resolutions, the council may:

(a) sell the refunding bonds at a private negotiated sale; or

(b) at its option, give notice of the sale and sell the refunding bonds in the same manner that other special improvement district bonds are sold.

(4) Bonds may not be refunded by the issuance of refunding bonds unless the rate of interest offered on the refunding bonds is at least 1/2 of 1% a year less than the rate of interest on the bonds to be refunded.

(5) (a) Refunding bonds issued pursuant to this section may be issued to refund outstanding bonds in advance of the date on which such bonds mature or are subject to redemption, but the proceeds of the refunding bonds, less any accrued interest or premium received upon the sale thereof, must be deposited with other funds appropriated for the payment of the outstanding bonds in escrow with a suitable banking institution or trust company, which may be located either in or out of the state.

(b) Funds so deposited must be invested in securities that are general obligations of the United States or securities the principal of and interest on which are guaranteed by the United States. Such securities must mature or be callable at the option of the holder on such dates and bear interest at such rates and be payable on such dates as may be required to provide funds sufficient, with any cash deposited in the escrow account, to pay when due:

(i) the interest to accrue on each refunded bond to its maturity or redemption date, if called for redemption;

(ii) the principal on each refunded bond at maturity or upon such redemption date; and

(iii) any redemption premium.

(c) The escrow account must be irrevocably appropriated to the payment of the principal of an interest and redemption premium, if any, on the refunded bonds.

(d) Funds to the credit of the debt service fund for the payment of the refunded bonds and not required for the payment of principal thereof or interest thereon due prior to issuance of the refunding bonds may be appropriated by the council to the escrow account.

(e) The city may pay the reasonable costs and expenses of printing the refunding bonds and of establishing and maintaining the escrow account.

(6) Refunding bonds may be issued under this section to pay principal of or interest on special improvement district bonds outstanding on [the effective date of this act] only if:

(a) ~~one-half~~ ONE-THIRD or more of the term for which such bonds were issued has expired; or

(b) there is a deficiency in the bond account or interest account of the special improvement district fund from which such bonds are payable.

NEW SECTION. Section 57. Codification instruction. (1) Sections 6, 16, 17, 20, 22, ~~27~~ AND 25~~,~~ ~~and 28~~ ~~26~~ are intended to be codified as an integral part of Title 7, chapter 12, part 21, and the provisions of Title 7, chapter 12, part 21, apply to sections 6, 16, 17, 20, 22, ~~27~~ AND 25~~,~~ ~~and 28~~ ~~26~~.

(2) Sections ~~38,~~ ~~44,~~ ~~52,~~ ~~55,~~ ~~57,~~ ~~and 61~~ ~~36,~~ ~~42,~~ ~~50,~~ ~~53,~~ ~~55,~~ ~~AND 58~~ 35, 48, 51, 53, AND 56 are intended to be

codified as an integral part of Title 7, chapter 12, parts 41 and 42, and the provisions of Title 7, chapter 12, parts 41 and 42, apply to sections ~~30, 44, 52, 55, 57, and 61~~ 36, 42, 50, 53, 55, ~~AND 58~~ 35, 48, 51, 53, AND 56.

NEW SECTION. Section 58. Effective date. This act is effective on passage and approval.

-End-